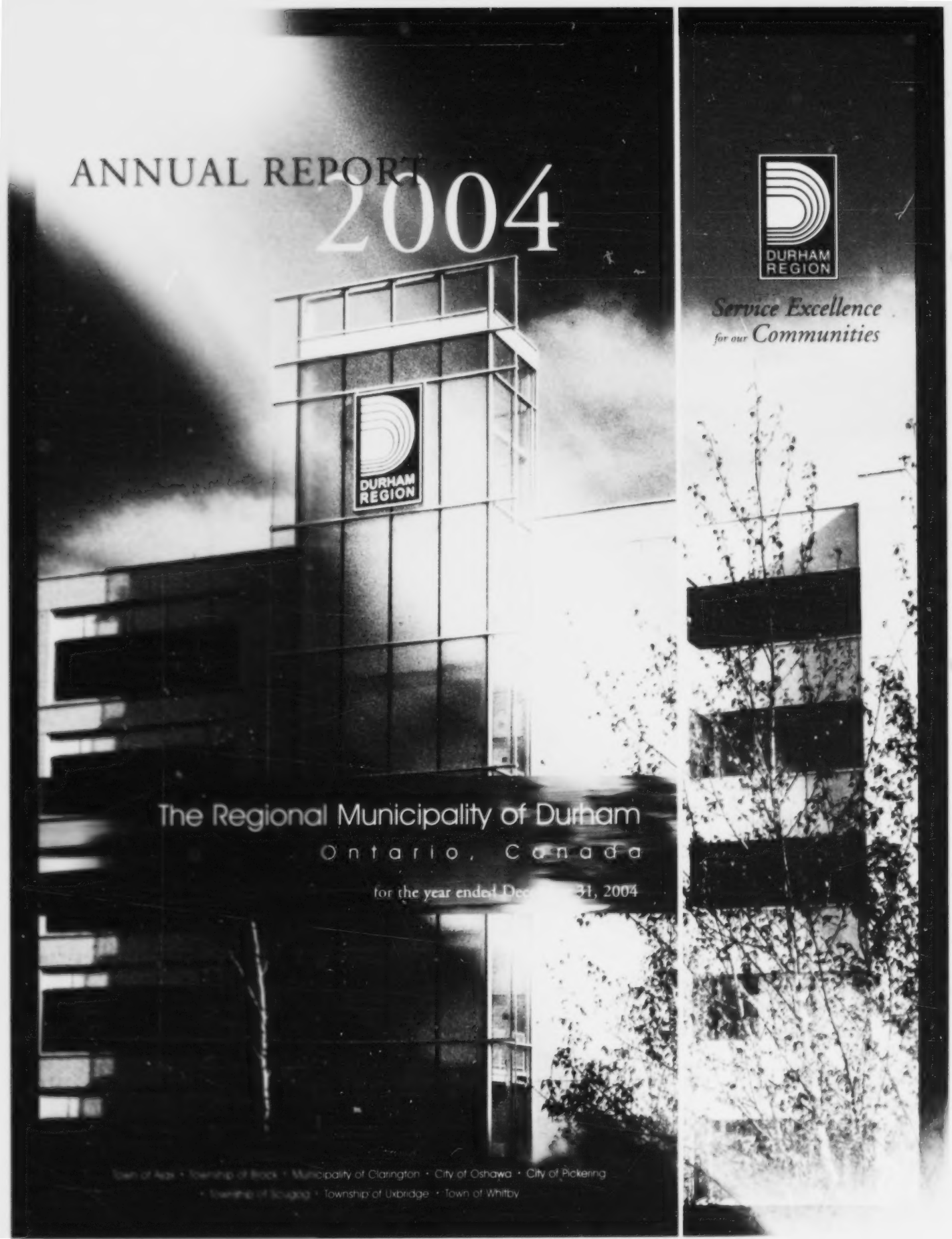
ANNUAL REPORT
2004
DURHAM REGION
DURHAM REGION
Service Excellence
for our Communities
The Regional Municipality of Durham
Ontario, Canada
for the year ended Dec 31, 2004
Town of Ajax • Township of Brock • Municipality of Clarington • City of Oshawa • City of Pickering
• Township of Scugog • Township of Uxbridge • Town of Whitby

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ANNUAL REPORT

The Regional Municipality of Durham

Ontario, Canada

for the year ended December 31, 2004

This document was produced by the Finance Department, Regional Municipality of Durham

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Email: info@region.durham.on.ca Web site: www.region.durham.on.ca

Welcome to

The Regional Municipality of Durham's abundant land resources, enviable lifestyle, skilled labour force and first-class transportation network, create an ideal location for residents, commerce, and industry.

Characterized by vibrant urban and rural communities and thriving commercial and industrial sectors, Durham is located in the economic centre of Ontario, adjacent to, and east of, the City of Toronto. Durham is part of the Golden Horseshoe, an economic powerhouse stretching around the western end of Lake Ontario. The Region shares prime access to the Great Lakes and north east markets of the continent, encompassing over 120 million people.

The Region of Durham is currently enjoying sustained growth as employers and employees discover a wealth of opportunities and an unsurpassed quality of life. There has been a recent dramatic increase in residential development, characterized by a young and skilled labour force. It is estimated that Durham's population increased by approximately 61,960 persons between year-end 1999 and 2004, growing from 510,760 to 572,720 over this five-year period. The population is anticipated to reach approximately 623,700 by the end of 2009.

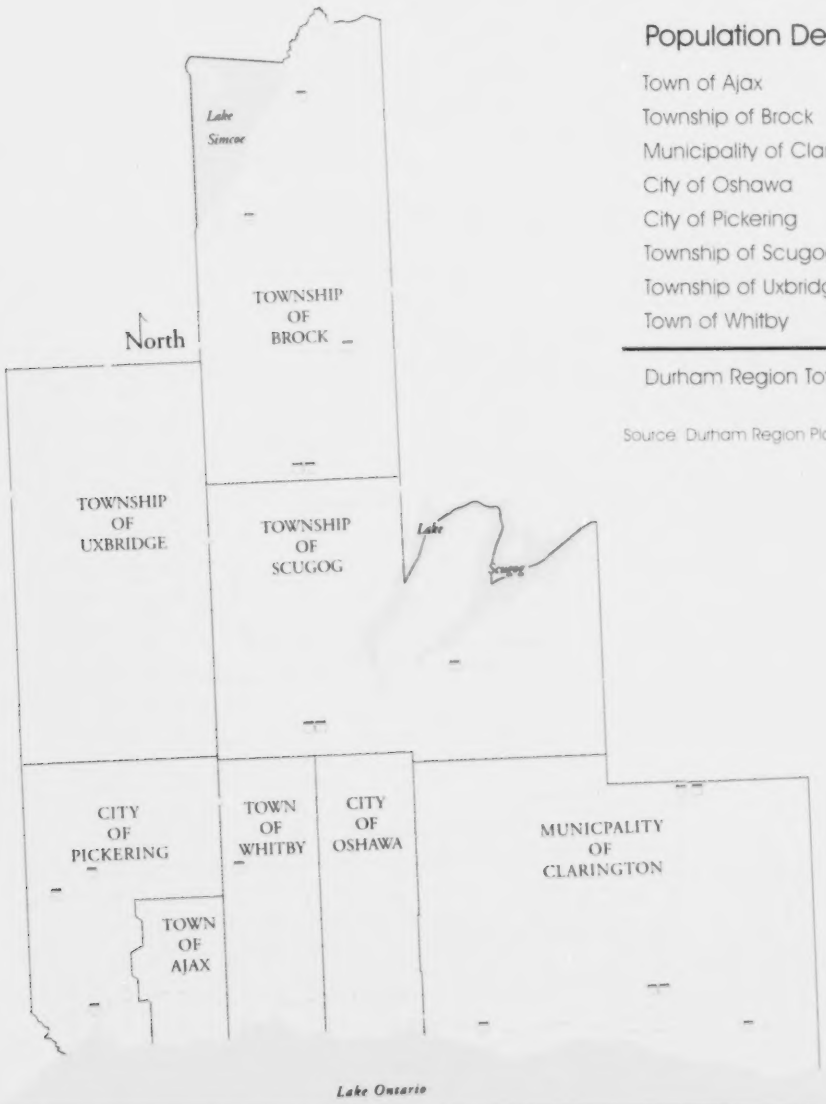
The Region has long been known for the strength of its manufacturing sector, located primarily in the south. The northern portion of the Region encompasses numerous headwaters and the rolling hills and hollows of the beautiful Oak Ridges Moraine. Here, in addition to bountiful farmlands, you find the prime recreational lands of Lakes Simcoe and Scugog.

High quality municipal services and excellent transportation networks, public utilities, and social, educational, and health infrastructures support the mix of urban and rural lifestyles in the Region of Durham. The residents of Durham recently celebrated the establishment of the University of Ontario Institute of Technology, Canada's newest university, which offers a range of undergraduate degree programs. This added to an already full continuum of educational services offered within the Region, preschool to post-secondary.

The municipalities that comprise the Region of Durham are the Cities of Oshawa and Pickering, the Towns of Ajax and Whitby, the Municipality of Clarington and the Townships of Uxbridge, Scugog and Brock.

Key Economic Sectors

- Automotive
- Energy and Utility
- Advanced Manufacturing
- Agriculture and Horticulture
- Transportation
- Education and Health
- Travel and Tourism
- Film and Entertainment



Population December 2004

Town of Ajax	85,950
Township of Brock	12,810
Municipality of Clarington	79,390
City of Oshawa	149,720
City of Pickering	90,810
Township of Scugog	22,460
Township of Uxbridge	20,075
Town of Whitby	111,505
Durham Region Total	572,720

Source: Durham Region Planning Department

Land Area

2,535 square kilometres (979 square miles)

Durham Region is the largest geographical jurisdiction in the Greater Toronto Area (GTA), stretching from Lake Ontario in the South to just beyond Lake Simcoe in the north.

Message from the Regional Chair

2004 was an exciting year for the Region of Durham, particularly with respect to Regional capital projects, all of which are progressing well. Our newest facilities projects include a Regional Administrative Headquarters facility in Whitby and the new Hillsdale Estates and Lakeview Manor long-term care facilities in Oshawa and Beaverton, respectively. The construction of a new $160 million Water Pollution Control Plant is also set to begin in Courtice during 2005 and investments will also be made at the Duffins Creek Water Pollution Control Plant to increase our bio-solids incineration capacity over the next several years. These projects will assist the Region in meeting growth demands and in ensuring conformance to stringent provincially legislated standards for the treatment of septage, wastewater and bio-solids.

During 2004, Regional Transit became a high profile issue in the Region of Durham. The detailed business case completed during the year supported the move to a Regional Transit System. The business case demonstrated significant potential benefits, including the opportunity for seamless travel within the Region, service harmonization and expansion, increased rider-ship in our communities, and increased opportunities to acquire federal and provincial infrastructure funding.

Over the next year, intensive preparation and planning will be required to ensure a smooth transition to the new Regional Transit System, scheduled to commence operations on January 1, 2006. The creation of an operating framework and detailed service plan are critical tasks that will ensure cost efficiencies and the optimization of transit routes. Federal and Provincial funding will be aggressively pursued to assist through the transition period.

Looking longer term, the environmental assessment for the Highway 407 Extension Project is finally underway, although the project could be 10 years to completion by the time routes are confirmed, and design, tendering and construction are complete. In the interim, Regional Council approved a plan to dedicate $8 million to Regional road rehabilitation projects commencing in 2005, growing that investment to $12 million annually by 2007. In terms of roads expansion and improvement, major expenditures have been approved, including projects on Taunton and Brock Roads, to improve traffic flow and safety on two major Regional routes.

In 2004 Council advanced a "made in Durham" solution for solid waste management with some key decisions. New materials were added to the list of recyclables diverted from landfill and a contract for kitchen waste compost processing was signed, with a new completely enclosed private

"The University of Ontario Institute of Technology opened in September 2003 and already is proving to be a great catalyst for innovation and creativity. It provides our Region with the necessary academic base and future graduates to sustain the highly skilled employee base necessary for us to be competitive. It also works with industry, such as General Motors, in cutting edge research and development opportunities such as the Beacon Project."

Roger Anderson,
Regional Chair

composting facility to be constructed in Pickering by July 2006. This new Regional contract will increase waste diversion rates through the continued expansion of curbside kitchen waste collection programs in the Cities of Pickering and Oshawa and the Towns of Whitby and Ajax. To deal with solid wastes that remain after all our diversion programs, an Environmental Assessment process has been launched for the eventual establishment of a residual solid waste facility that could include an energy-from-waste technology.

Looking forward, 2005 will be a year full of change and improvement, particularly with the consolidation of administrative staff and public services at the new Regional Administrative Headquarters in the Town of Whitby. With a shared vision, and anticipated infrastructure funding support from senior governments, we shall seize and create new opportunities for the quickly growing Region of Durham.

Roger M. Anderson
Regional Chair

Region of Durham

Regional Council

Regional Council provides leadership and direction to Regional administrative staff, who ensure citizens have access to adequate and efficiently delivered Regional services and infrastructure.

Legislative responsibility for the Regional Corporation is vested in the Regional Council, comprised of a Chair plus 28 Regional Councillors. The composition of Regional Council is designed to achieve balanced representation for the eight Local Area Municipalities of the Region.

The Mayors of the Local Area Municipalities, by virtue of their office, are also Regional Councillors, while other election candidates must declare candidacy for either a combined Regional and Local, or strictly Local office. Regional Councillors serve a three-year term. The current Council will serve a term of office from December 2003 to November 2006, when the next election is scheduled to take place.

The Regional Chair is an ex-officio member of each Regional Standing Committee. The Regional Chair is the head of Regional Council and is the Chief Executive Officer of the Regional Corporation. The Regional Chair presides over all meetings of the Regional Council and is a member of all standing committees. An important function of the Regional Chair is to promote and advance the Regional position. As part of this position, the Regional Chair meets regularly with representatives and residents to ensure that they are aware of issues and actions within Durham Region, and to also understand their concerns.

Regional Council makes several appointments to the Boards and Committees of outside agencies that also provide essential services to the residents of Durham Region.

Regional Councillors chair or provide membership to the following committees and outside agencies:

- Accessibility Advisory Committee
- Durham Agricultural Advisory Committee
- Durham Regional Waste Disposal Task Committee
- Durham Environmental Advisory Committee
- Durham, Haliburton, Kawartha & Pine Ridge District Health Council
- Land Division Committee
- Regional Transit Implementation Committee
- 9-1-1 Management Board
- Central Lake Ontario Conservation Authority
- Ganaraska Region Conservation Authority
- Kawartha Conservation
- Lake Simcoe Region Conservation Authority
- Toronto & Region Conservation Authority
- Durham Region Non-profit Housing Corporation
- Durham Region Local Housing Corporation
- Durham Region Police Services Board

For additional information on the membership and responsibilities of these Boards, Committees and/or Authorities, please visit www.region.durham.on.ca or call 905-668-7711 or 1-800-372-1102.

"Regional Council decided that Durham Region needed to establish through public consultation, a clear and shared vision of the type of community we want to be in the future. To ensure community participation in the development of the strategic plan, public workshops were held in every Durham municipality, with residents, students and community organizations. The information gained from these sessions, along with input from staff and Regional Councillors, provided the foundation for the Community Strategic Plan."

Roger Anderson, Regional Chair
July 2004

2003-2006

Front Row (L to R)
Patrick Olive, Comr. of Economic Development
Mayor Keith Shier (Brock)
Mayor Steve Parish (Ajax)
Mayor David Ryan (Pickering)
Mayor Gerri Lynn O'Connor (Uxbridge)
Regional Chair Roger Anderson
Mayor Marilyn Pearce (Scugog)
Mayor Marcel Brunelle (Whitby)
Mayor John Gray (Oshawa)
Mayor John Mutton (Clarington)

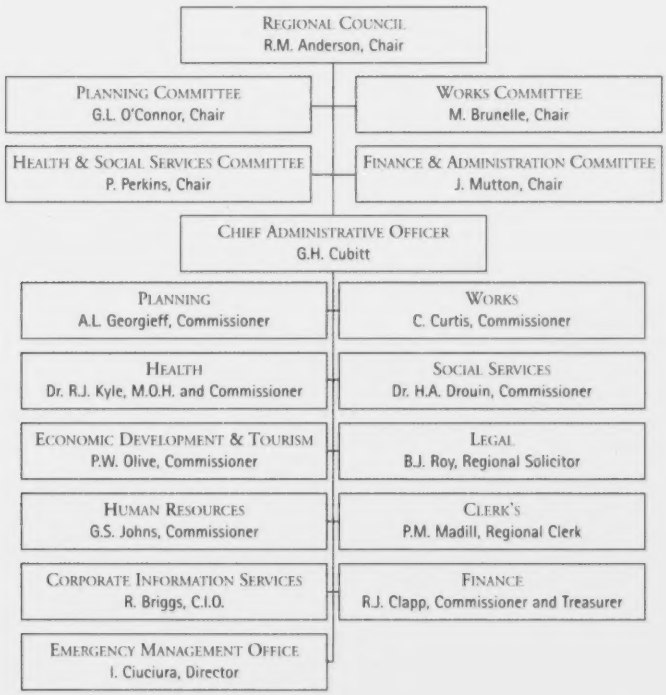
Middle Row (L to R)
Alex Georgieff, Comr. of Planning
Councillor Robert LuKzyk (Oshawa)
Councillor Colleen Jordon (Ajax)
Councillor Joseph Kolodzik (Oshawa)
Councillor Susan Sell (Uxbridge)
Councillor Mark Holland (Pickering)**
Councillor Jim Schell (Clarington)
Councillor April Cullen (Oshawa)
Councillor Ken Donaldson (Scugog)*
Councillor Nester Pidwerbecki (Oshawa)
Councillor Pat Perkins (Whitby)

Comr. of Corporate Services
Councillor Maurice Brenner (Pickering)
Pat Mastin, Regional Clerk
Councillor Gerry Emm (Whitby)

Back Row (L to R)
Carey Lisser, Chief Administrative Officer
Jim Clapp, Comr. of Finance & Treasurer
Cathy Jones, Comr. of Human Resources
Councillor Dennis Sirn (Clarington)
Councillor John Neal (Oshawa)
Councillor Ruth Crawford (Ajax)
Councillor Cathy Cassie (Uxbridge)

Councillor Bob Johnson (Pickering)
Councillor Larry O'Connor (Brock)
Councillor Brian Nicholson (Oshawa)
Dr. Grant Kyle, Comr. & Medical Officer of Health
Brian Roy, Regional Solicitor
Dan Cushy, Comr. of Works
Roy Briggs, Corporate Information Officer
Dr. Hugh Drouin, Comr. of Social Services

Regional Administration Management



Committee members are elected by, and from, the membership of Regional Council. The Regional Chair is an ex-officio member of each Committee. Standing Committees meet every three weeks to review policy and formulate recommendations to Regional Council.

Regional Council established four Committees, each comprised of seven Councillors. As shown in the chart, the four Standing Committees of Regional Council are:

- The Planning Committee
- The Works Committee
- The Health and Social Services Committee
- The Finance and Administration Committee

The Chief Administrative Officer (CAO) is the most senior staff person in Durham Region and reports to Regional Council. Appointed by Regional Council, the CAO ensures the implementation of Regional Council direction and policy and is responsible for the overall management of the Regional organization.

Regional Department Heads report to the CAO, who ensures coordination between Departments and any relevant outside agencies. Administrative staff, under the direction of the Department Heads and CAO, report to Regional Council through the Committee Structure.

Durham Region and Local Municipalities

Our system of local government consists of two tiers. The Regional Municipality of Durham is the first level, the upper tier, and the eight local municipalities constitute the second level or lower tier. The two-tiered system is designed to retain closeness to the people, while permitting a Region-wide approach to development.

The Regional Municipality of Durham was created January 1, 1974, as a Regional Government in the Province of Ontario, under *The Regional Municipality of Durham Act, 1973*. The Act provided for the formation of the eight local municipalities (The Cities of Oshawa and Pickering, the Towns of Ajax, and Whitby, the Municipality of Clarington, and the Townships of Brock, Scugog and Uxbridge). The current system was created with the annexation and amalgamation of twenty-one former local municipalities.

As issues continue to increase in complexity, and blend in terms of jurisdictional responsibility, and as resources remain limited, municipalities are increasing their efforts to work together, and with others, to provide required services.

The Regional Corporation has responsibility for the following service areas:

- Police Services and 911 management
- Delegated authority for local municipal Official Plans and Amendments
- Water supply, treatment, distribution and billing
- Sewage collection and treatment, and billing
- Main roads, traffic lights and controls
- Emergency Management
- Borrowing of money for Capital expenditures of upper and lower tier municipalities
- Economic development and tourism
- Public Health
- Emergency Medical Services
- Social Services, including Child Care, Long-Term Care and Services for Seniors, Family counselling, Social Housing and Ontario Works Programs
- Provincial Offences Court, Prosecution services, administration and collection of fines
- Solid waste management, diversion, recycling, promotion and education, waste collection (in five local municipalities), processing and disposal
- Strategic land use planning and subdivision/condominium approvals
- Property Taxation policy.

Local municipal councils have responsibility for the following service areas:

- Local planning
- Local streets and sidewalks
- Fire protection
- Parks and recreation
- Transit services responsibility will be transferred to the Region effective January 1, 2006
- Property Tax billing and collection
- Building inspection and permits
- Licencing
- Garbage and yard waste collection (in three municipalities).

Message from the

2004 marked the first anniversary of the establishment of the Region's Community Strategic Plan (CSP). During the summer Regional staff completed a review and in July 2004, Regional Council was provided with the 'Community Strategic Plan 2004 Annual Update.' The report is available to the public through the Regional web site, or by calling the Regional Headquarters, and I would encourage residents to obtain a copy. Regional employees are committed to ensuring the successful implementation of the CSP and during the first year, key in-roads have been made on its objectives: strengthening and integrating our transportation system; protecting the environment; ensuring balanced growth and livable communities; supporting safe, healthy and caring communities; building the Region's economy; and, increasing partnerships and government effectiveness. While many of the CSP objectives were already components of our way of conducting business, we remain excited to move towards full implementation of the vision, mission and objectives provided to us by our citizens.

Significant progress was made during 2004 with the Ontario Municipal CAO's Benchmarking Initiative (OMBI), a process to identify and develop appropriate service specific performance measures, capture performance data, and analyze and benchmark results, to identify best practices for service efficiency and quality. OMBI currently involves 14 municipalities and includes five expert panels in the program areas of Solid Waste, Roads, Water and Wastewater, Ambulance (EMS) and Long-term Care (Homes for the Aged). Performance measurement, and the development of benchmarking data, provides great insights into our Regional operations. The development of this effort, and the implementation of OMBI Core Measures commencing in 2005, will provide a significant information tool for use in the development and presentation of future budget and business plans, commencing in 2006.

In the coming years, particular administrative challenges will include the preparation, planning and integration of staff and resources to ensure the successful implementation and smooth operation of a new Regional Transit System, scheduled to commence operations on January 1, 2006. We will also move forward with the Region's "Accessibility Plan," the goal of which is "...to work towards removing barriers for the people of Durham Region as they live, work and play in our community." Staff, with the new Durham Accessibility Advisory Committee will ensure that future decisions regarding facilities, programs, services, policies and practices will be made with full consideration of impacts and improvements to accessibility.

Community Strategic Plan

"By providing information on the many activities that are being undertaken to support the six objectives and also on the specific progress indicators...(the 2004 Community Strategic Plan Update) report promotes accountability to our residents for the delivery of our services. Staff will continue to monitor progress on the action items closely, and a second annual status report will be presented to Regional Council in July 2005."

Garry H. Cubitt,
Chief Administrative Officer
July, 2004

Regional staff will succeed with these new challenges, which pale in comparison to those dealing with the Region's growing population, provincial downloading, new legislation and regulations, and increasing Provincial standards. Changes over the last five to 10 years have added an unprecedented increase in the scope and complexity of municipal administration. Regional staff will continue to provide high quality programs and services, seeking new improvements and meeting new challenges.

Garry H. Cubitt
Chief Administrative Officer

United Vibrant and Diverse

Explore our resorts, wildlife areas, parks and conservation areas, boating and fishing, golf courses, hiking trails, shopping areas, hotels, motels, bed and breakfasts, art galleries, sports events and historical sites located throughout Durham Region.

Visit our web site at www.region.durham.on.ca or contact our Economic Development and Tourism Department for more information.

Town of Ajax

www.townofajax.com

POPULATION: 85,950 AREA: 68 sq. km. (26 sq. mi.)

The Town of Ajax is a thriving community embracing an active, modern lifestyle while preserving a rich history. The Town was named after the HMS Ajax, a famous World War II fighting ship, and the original anchor and ship's bell remain on display in the Town Hall, which rings to call Town Council meetings to order. The Town continues to attract new residents and businesses and, as the first municipality in Ontario to achieve an ISO 9001 designation, Ajax can respond effectively to the needs of the business community. The large number of prestigious firms that call Ajax home demonstrate its pro-business attitude, including, Messier-Dowty Inc., DuPont Canada Inc., Lear Corporation and MeadWestvaco Packaging. Ajax is also proud to host the head offices for Nokia and Volkswagen Canada Inc. A new Highway 401 interchange at Salem Road recently opened access to the 1,000 acre Carruthers Creek properties, the largest parcel of new prestigious employment land in the Greater Toronto Area (GTA). The Town of Ajax offers businesses all the advantage of a larger city at a low cost. Furthermore, quality of life is enhanced for residents by the multitude of sporting venues, a bikeway system throughout Town, over 30 parks and conservation areas, and one of the most picturesque stretches of the Waterfront Trail in the Region.

Township of Brock

www.townshipofbrock.ca

POPULATION: 12,810 AREA: 426 sq. km. (164 sq. mi.)

An excellent Provincial and Regional road system has attracted many new residents to Brock, who consider the laid back lifestyle well worth a commute to the city. Known as "Durham's Gateway to the North," Brock is bordered by Lake Simcoe and the Talbot River. The Township of Brock encompasses the communities of Beaverton, Cannington and Sunderland, and beckons with pastoral scenery - round hay bales dotting lush green fields, cows huddled under shade trees, rolling hills thick with colourful maples and the Beaver River. In Brock, you can find bed races, a rescued jail and an entire festival dedicated to bass! It's also home to some of the Region's most interesting heritage buildings, fall fairs and festivals, and antique and craft shopping. Brock's maple syrup production is also celebrated each spring when Sunderland hosts a Maple Syrup Festival. Quaint shopping districts in Brock's villages, and the friendliness and warmth for which the area is known, will demonstrate why Brock is known as the 'Community with a Heart.' Brock's key industries are aggregates, glass production, rope and lace manufacturing, metal fabrication, jewelry and badge mounts and acoustical components. There are industrial parcels available within the Township for development.

Municipality of Clarington

www.clarington.net

POPULATION: 79,390 AREA: 613 sq. km. (237 sq. mi.)

Although known as Ontario's 'vacation heartland,' Clarington is more than just a pretty place. The eastern gateway to the GTA, the Municipality is proud to be home to more than 1,200 commercial enterprises of remarkably diverse sizes and types. The Clarington Board of Trade, formed in June 1998, works in partnership with the Municipality to ensure continued economic prosperity. Attractive industrial land costs and a quality lifestyle make it easy to recruit skilled employees and expand the economic base. One of the Region's largest employers, Ontario Power Generation's Darlington Nuclear Generating Station, is located in Clarington, and produces enough electricity to serve a city of two million. Darlington Nuclear also has a large wildlife area on its property including wetlands and forests. The Holburn Group will be constructing a multi-million dollar facility in Clarington, a major investment from the biotech sector that will attract more high skilled jobs and further diversify the economy. The Municipality has a breathtaking shoreline, a 17 kilometre stretch of the Waterfront Trail and is very proud of its farming communities, hamlets and major population centres, including Courtice, Bowmanville, and Newcastle Village. Historic downtown shopping districts, new malls, flea markets and auctions co-exist with a beautiful countryside. Go wild or tranquil, in Clarington, the town and country come together!

City of Oshawa

www.oshawa.ca

POPULATION: 149,720 AREA: 147 sq. km. (57 sq. mi.)

The City of Oshawa, known for its leadership in industry, is home to Canada's newest university. The University of Ontario Institute of Technology (UOIT) is the second largest construction project in Ontario, second only in scope to the Pearson International Airport terminal project. Commercial development is occurring rapidly, and significant investment is anticipated as UOIT grows to over 6,500 students by 2010. The City is well known as Canada's automobile industry hub, being home to General Motors of Canada's Autoplex, Canadian Regional Engineering Centre and Canadian Headquarters. Oshawa's automotive industry will receive a boost from GM's decision to invest $2.5 billion into its Canadian operation. The Stevenson Road Highway 401 interchange will also enhance commercial and industrial growth, as will the extension of Highway 407. Oshawa has a complete range of recreation facilities, and a significant cultural and arts community. The Robert McLaughlin Gallery, museums, live theatre, symphony concerts, and Waterfront Festival and Fiesta celebrations add to the City's cultural kaleidoscope. Community pride is reflected in the picturesque Waterfront Trail, Second Marsh, Pumphouse Marsh, McLaughlin Bay Wildlife Reserve, and breathtaking floral displays. In the City's urban area, you can see an Oshawa Generals Junior A hockey game and watch the legendary team that nurtured greats like Bobby Orr and Eric Lindros, or enjoy shopping at specialty shops or the Oshawa Centre.

Sample of Attractions

- Bowmanville Zoological Park
- Cullen Gardens & Miniature Village
- Jungle Cat World
- Great Blue Heron Charity Casino
- Parkwood, The R.S. McLaughlin Estate
- Oshawa Generals Junior A Hockey
- York-Durham Heritage Railway
- Archibald Orchards & Estate Winery

City of Pickering

www.cityofpickering.com

POPULATION: 90,810 AREA: 232 sq. km. (90 sq. mi.)

The City of Pickering is Toronto's eastern neighbour, offering quality of life, business prosperity and attractive, affordable housing. Highway 401 and the new Highway 407 provide efficient and effective transportation options for both residents and business. A growth management study for lands located north of the City's existing urban boundary is a crucial step towards the creation of a new community, that could result in 90,000 additional residents and 45,000 additional jobs for the City. Meanwhile the Greater Toronto Airport Authority is planning for a proposed reliever airport on federally-owned lands within Pickering. Already recognized as a major energy centre, Pickering is home to Ontario Power Generation (OPG)'s operations, who recently also relocated 450 nuclear engineers and other staff to a new 115,000 square foot facility at Brock and Clements Roads. Recently constructed 'Veridian Centre' in the City's downtown core, includes Veridian's consolidated billing and call centre. Pickering's appeal is as diverse for residents and tourists as it is for business, including recreation opportunities from the Seaton Hiking Trail, the Waterfront Trail and Frenchman's Bay, and the pastoral rolling hills that grace the north. Celebrations, festivals and shopping opportunities abound in Pickering with specialty shops, markets and modern malls.

Township of Scugog

www.township.scugog.on.ca

POPULATION: 22,460 AREA: 478 sq. km. (185 sq. mi.)

The Township of Scugog is one of the Region's popular tourist destinations. Port Perry, its major population centre, tempts visitors with a charming downtown and specialty shopping district including Victorian architecture. Several hamlets and villages make for breathtaking sight seeing. Summers sizzle with Festival Days and the Highlands of Durham Games. Agricultural fall fairs and farmers' markets are enjoyed. The Township provides fabulous venues for skiing, snowmobiling and fishing. You can gamble on some serious fun at the Great Blue Heron Charitable Casino on the First Nations Mississauga Indian reserve on Scugog Island. For a taste of culture, Port Perry's historic former Town Hall is the site for music and theatre. The Kent Farndale Gallery holds art shows year-round and the Scugog Shores Museum Village hosts festivals and seasonal events. Resident internationally acclaimed inventors, Bill and Paula Lishman may be seen soaring overhead in an ultra-light plane, followed by a 'V' of Canada geese or sandhill cranes. The Nonquon Wildlife Area offers hiking, canoeing and one of the best birding habitats in the GTA and each summer Scugog hosts the traditional "Canoe the Nonquon" competition. Scugog's industry includes manufacturing, woven garments, roof trusses, automotive racks, and motorcycle exhausts. North Port Industrial Park, Reach Industrial Park and Success Industrial Park have zoned acreage ready for development.

Culture, heritage, family attractions, romantic getaways... it all awaits you here in Durham Region where you'll discover there is something for everyone.

Whether your choice is a day trip, weekend getaway or family vacation - Durham region has exactly what you are looking for.

For more information on Tourism contact Durham Region Tourism Tel.: 1-800-413-0017 or visit www.durhamtourism.ca

Township of Uxbridge

www.town.uxbridge.on.ca

POPULATION: 20,075 AREA: 424 sq. km. (163 sq. mi.)

Just a 20-minute drive from the City of Markham or the City of Pickering, Uxbridge has become one of the Greater Toronto Area's most desired residential locations. History and the arts attract people to Uxbridge, as does its quaint shopping district. Architecturally and historically significant homes, churches and buildings are a draw for both residents and visitors, including the Byzantine style Foster Memorial Temple and the former St. Paul Presbyterian Church Manse in Leaskdale, former home of Lucy Maud Montgomery. The Township's original settlers were Pennsylvania Quakers and the 1820's meeting house they built is one of the Region's oldest buildings. The Uxbridge-Scott Museum displays historic artifacts in eight beautifully preserved buildings. In 1996, Uxbridge celebrated the grand opening of the York-Durham Heritage Railway, including a fully restored rail station where travelers can board the nostalgic train and enjoy the scenic ride between Uxbridge and Stouffville. The Township is a haven for patrons of the arts and many award-winning artists, authors, musicians, actors and sculptors live here and participate in local events. Uxbridge's economic sectors include aggregates and concrete products, nurseries, metal recycling, food processing, parts manufacturing, automation testing equipment, woodworking and printing. The Uxbridge Industrial Park and other industrial parcels are potential development lands.

Town of Whitby

www.town.whitby.on.ca

POPULATION: 111,505 AREA: 147 sq. km. (57 sq. mi.)

Revitalization, downtown improvements and new business investment continue to make downtown Whitby an important business district. Durham College's Whitby facilities have also recently undergone redevelopment. Three new civic projects include: a new 54,000 square foot central library, an associated civic square, and renovations to the Centennial Building, which originally opened in 1854. While possessing a sentimental attachment to the past, the community has developed a vibrant and progressive character in the heart of Durham Region. The population of Whitby is anticipated to reach 125,900 by year-end 2009. Recent surges in population have been accompanied by an increase in retail and entertainment development projects, including the Whitby Entertainment Centrum and the Thickson Road/ Highway 401 Power Centre. Iroquois Park Sports Centre in Whitby is Canada's largest municipally owned recreation facility, hosting major tournaments and special events. Whitby's six-kilometre stretch of the Waterfront Trail forms a picturesque shoreline for recreation and conservation. With theatres, galleries, sports, festivals and extensive shopping choices, it is difficult to choose from the rich kaleidoscope of activities. Whitby also hosts a strong and diversified industrial sector, including the plastics, packaging, pharmaceutical, steel, telecommunications, technology and automotive industries. Industry benefits from affordable and available serviced industrial land and a relatively young and skilled labour force.

Sample of Attractions

Mosport International Raceway

The Pickering Markets

Scugog Island Cruises

Picov Downs

Sunderland Maple Syrup Festival

The Robert McLaughlin Gallery

Ocala Orchards Farm Winery

Durham's Community Strategic Plan

The Community Strategic Plan (CSP) is designed to incorporate a broad community vision into specific objectives, strategic actions and desired results.

The Plan is an umbrella document and other plans, policies and strategies support the CSP, as well as take direction from it.

Our theme for Durham's CSP is "Growing Together." This theme conveys two meanings: the anticipated growth of Durham's communities, and our commitment to partnership – working together with our citizens, community organizations, businesses and other levels of government to achieve our community vision.

Durham's citizens expect accessible, accountable and responsive government. The first annual update report on the status of the actions identified in the CSP went before Regional Council on July 7, 2004. The brochure, "Growing Together Community Strategic Plan: Annual Update July 2004 Highlights" is available on the Regional web site www.region.durham.on.ca or by calling the Regional Headquarters at 905-668-7711 or 1-800-372-1102.

For more information, or to receive a copy of "Growing Together: Durham's Community Strategic Plan," or the July 2004 Update, please visit our web site www.region.durham.on.ca or call the Region at 905-668-7711 or 905-686-2401 or 1-800-372-1102.

Community Vision

Durham will be a united group of diverse communities recognized for their leadership, community spirit and exceptional quality of life.

Corporate Mission

To meet the needs of our citizens through leadership, cooperation and service excellence.

Corporate Values and Operating Principles

- Leadership
- Respect, Professionalism, Trust and Integrity
- Teamwork, Cooperation and Partnerships
- Accountability
- Sound Fiscal Management
- Responsive to Changing Needs
- Public Awareness and Accessibility
- Quality
- Continuous Learning and Improvement

To protect and enhance the environment.

To strengthen and integrate the transportation system.

To ensure balanced growth and livable communities.

Durham's Strategic Community Objectives

To support safe, healthy and caring communities.

To build the Region's economy.

To increase partnerships and government effectiveness.

"Service Excellence for Our Communities"

Report From the Commissioner of Finance and Treasurer

"The resale market remains buoyant, driven by low mortgage rates, a strong local economy and migration from Toronto. Both first-time and move-up buyers continue to take advantage of the low mortgage rates and more affordable homes in the Oshawa Census, Metropolitan Area (CMA)."

Canada Mortgage and Housing Corporation, Housing Now, First Quarter 2005

It is with pleasure that I present the Annual Financial Report of the Regional Municipality of Durham, Ontario, Canada. This report provides financial results for the year ended December 31, 2004.

Durham's economic growth in the past several years has been nothing short of astonishing. The Conference Board of Canada recently announced that during the last seven years the area experienced growth in real domestic product (GDP) averaging an annual rate of 6.4 percent, and has exceeded two percent population growth in all but one year since 1987. Furthermore, there seems to be no end in sight, with our economy anticipated to continue to expand over the next five-year period. The Conference Board of Canada goes so far as to predict that the Oshawa Census Metropolitan Area, which includes the Town of Whitby, City of Oshawa and Municipality of Clarington, will lead all other Canadian cities in growth from 2006 to 2009. It is anticipated that growth will remain strong, but down from that which has been experienced since 1997. A growth rate of between 3.0 and 4.0 percent is anticipated over the next five-year business planning period.

The 2004 total value of building permits issued in 2004, while off the peak in 2003, was still more than double the historical average at $1.3 billion. Housing units continue to exceed 5,000 starts in 2004 (5,447), a trend started in 2002, after averaging 3,379 starts between 1990 and 2001. Our unemployment rate is anticipated to rise slightly in the coming year due to the higher valuation for the Canadian dollar and the net impacts to the manufacturing sector. However, the annual average rate is anticipated to remain below that of Ontario and Canada for 2005, and is not anticipated to average more than six percent for the year. Housing starts may also drop to a level closer to the historical average, particularly if interest rates begin to edge up near the end of next year.

Major infrastructure projects and increased private investments have had a significant positive impact on the economy of Durham Region. These include, but are definitely not limited to, the new Highway 401 Interchange at Salem Road in the Town of Ajax, the Highway 407 expansion into the City of Pickering and the new University of Ontario Institute of Technology in the City of Oshawa. Looking forward, in the short term, the Regional economy will also get a boost from additional planned projects, including the new Highway 401 Interchange to be built at Stevenson Road in the City of Oshawa commencing in 2005, a new Courtice Water Pollution Control Plant in the Municipality of Clarington, the $2.5 billion investment into the Beacon project by General Motors of Canada and its partners, and approval of a $28 million, 200 slot casino in the Town of Ajax.

Longer term, there will be further expansion of the Highway 407 into the Municipality of Clarington, as well as a new Highway 401 Interchange planned for Lakeridge Road in the Town of Whitby.

Of course, for the Regional Corporation, the significant economic growth adds significantly to financial pressures due to increases in the demands for Regional services, increases in the demands for funding for non-mandated services and increased costs for Regional infrastructure, including Regional roads, water supply and sanitary sewerage, long-term care facilities, police service infrastructure and new emergency medical services infrastructure such as ambulance stations and vehicles and equipment. The Region is also currently preparing for the transfer of transit operations to the Regional level, effective January 1, 2006.

In dealing with these inevitable cost pressures, the Regional Municipality of Durham relies on its long record of sound financial planning, based upon prudent assumptions.

A long-time commitment to maintaining a low burden of debt, for example, enhances the Region's flexibility, and its ability to meet obligations. Also, during 2004, the Region completed the first phase of its Asset Management initiative, which resulted in comprehensive information regarding the inventory, condition, replacement value, and long-term capital requirements of the region's roads, water and sewer infrastructure. The Asset Management strategy will continue as an on-going corporate initiative to ensure that rehabilitation requirements and capital replacements for roads, water and sewer infrastructure are adequately funded.

The Regional Corporation is prepared to face the future.

Financial Management and Control

The Region of Durham maintains internal administrative and accounting controls to ensure that financial information is reliable and relevant and that the Region's assets are safeguarded.

The Region's Purchasing By-law and Budget Management Policy, in conjunction with other Regional Policies and Provincial legislation, govern the fiscal responsibilities of the Regional administration. Regional By-laws prescribe purchasing, accounting, investment, risk management and debt policies and procedures that ensure effective and clear guidelines for expenditures and the acquisition of goods and services. The Budget Management Policy for example, addresses the balance between Regional expenditures and the availability of funding. Budget Management and Purchasing policies provide an accountability framework that establish the extent of authority for spending decisions,

"The Regional Municipality of Durham is situated in the Greater Toronto Area, Canada's largest industrial and commercial centre, and benefits from a well developed transportation infrastructure, and a relatively young and skilled workforce. The economy, centred on a growing service sector and numerous auto and auto parts plants, has become increasingly diversified in recent years. While recent capital investments by General Motors should help maintain the region's export competitiveness, further growth in the services sector should be supported by the opening of the University of Ontario Institute of Technology (UOIT), an applied education university focused on engineering and science."

Moody's Investors Service 2004 Credit Analysis, January 2005

both planned and unplanned, and outline the discretion permitted in those spending decisions, delegated by Regional Council.

The Region of Durham's commitments, to long-term financial planning and sound fiscal policies, provide a solid foundation for financial management and promote a healthy capital financing structure. Our "pay-as-you-go" financing philosophy, low levels of debt issuance, strong reserve and reserve fund strategies, and "growth-pays-for-growth" development charges policy contribute to the Region's fiscal strength.

In 2004, this financial strength was once again recognized by Standard & Poor's and Moody's Investors Services, who reaffirmed the Region's long-standing "Triple A" credit rating. This highest rating category places Durham in a select group of municipalities with an exemplary reputation in the investment community and who are seen as leaders in fiscal responsibility and integrity.

Moody's Ratings Report mentioned Durham's utilization of a five-year economic and financial forecast to prepare its annual operating and capital budgets. The firm noted that:

"Durham utilizes a five-year economic and financial forecast, addressing all aspects of regional operations, to prepare its annual operating and capital budgets. The conservative nature of the forecast, which incorporates various risk scenarios, facilitates far-sighted decision making and has sustained strong financial performance."

Durham Region
Business Planning Cycle

The Regional Business Planning Cycle: Long-term Financial Planning

Commencing with fiscal year 2000, Regional Council established pre-budget guidelines for annual operating and capital expenditures and financing based upon a multi-year budget forecast provided by Regional staff. The annual "Five-year Economic and Financial Forecast and Budget Guidelines" report provides Regional Council each year with preliminary estimates of financial requirements facing the Region over a five-year horizon, as well as potential sources of financing. The Region currently completes separate annual Servicing and Financing Studies, including multi-year capital expenditure forecasts in the areas of Regional Roads, Water Supply and Sanitary Sewerage, Solid Waste Management and Social Housing. Commencing in 2006, an annual Servicing and Financing Study for Regional Transit operations will also be required as part of the corporate business planning and budget process.

The Region's Business Planning and Budget Cycle commences with the prioritization of strategic actions established under the Community Strategic Plan (CSP). With a focus upon desired results, all Regional Business Plans and Budgets balance CSP strategic actions with available financing on an annual basis. The CSP now initiates and is implemented through the Region's Business Planning Cycle. Intertwined with multi-year forecasts, detailed business plans (including budgets), performance measures and the reprioritization of programs and service levels, CSP objectives and priorities can be prudently implemented within a sound fiscal framework, while focusing on realistic and timely program and infrastructure priorities. The Business Planning Cycle, incorporating the CSP, is an enhancement to the Region's commitment to transparency and accountability.

Financial Accountability

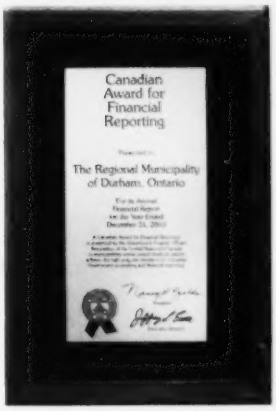
The Region fully supports the goal of financial accountability to taxpayers, an objective at the heart of all Regional corporate strategies and the Community Strategic Plan. Durham is in compliance with all guidelines that are established by the Municipal Performance Measurement Program (MPMP), a Province-wide program that requires municipalities to report on measures that reflect the efficiency and effectiveness of public services. Durham Region endorses these guidelines and is also an active member in the Ontario Municipal Benchmarking Initiative, a voluntary project to identify and share best practices of service efficiency and quality in Ontario Municipalities. For information on the MPMP program, I would encourage readers to visit the Regional web site at www.region.durham.on.ca or call the Region at 905-668-7711 or 1-800-372-1102.

Financial Statements

The financial statements herein have been prepared in accordance with accounting policies that conform to local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements.

The Region is required by the Municipal Act to engage independent auditors to express an opinion as to whether our financial statements present the Region's financial position and operating results fairly in all material respects. Deloitte and Touche LLP has fulfilled this audit function as evidenced by the audit reports included in this document.

R.J. Clapp, CA
Commissioner of Finance and Treasurer
June 30, 2005



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Regional Municipality of Durham for its annual financial report for the fiscal year ended December 31, 2003. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements and we are submitting it to GFOA.

Durham Region

Economic Climate

An important economic development over the last two years, particularly for manufacturing dominated southern Ontario, has been the rising value of the Canadian dollar. After posting an increase of 22 percent during 2003, the Region's export dominated manufacturing sector had to endure yet another seven percent appreciation of the dollar during 2004.

Looking ahead, the good news for exporters is that most forecasters anticipate a leveling off for the dollar around the 80-cent U.S. mark. Further, the higher valuation has tamed domestic inflation fears, as well as the potential for higher interest rates, forecast to rise no more than 50 basis points by the end of 2005. Low interest rates are a positive for the local housing market in Durham Region, which between 2002 and 2004 has grown at levels not seen since 1989.

"...(the) opening of the new university – the University of Ontario Institute of Technology (UOIT) – provided a lift to non-commercial services output, while a booming housing market boosted the finance, insurance and real estate industry."

Conference Board of Canada
Metropolitan Outlook 2A

While Ontario's economic expansion is anticipated to be slightly slower overall in 2005 due to continued challenges from the strong dollar, higher energy and production input prices, greater competition (particularly from overseas producers) and moderating U.S. growth, there are exciting local economic developments that will contribute to the Region of Durham's future economic growth and diversification, both short and long-term.

During 2004, General Motors of Canada gave residents some big news with the announcement of the "Beacon Project," a $2.5 billion reinvestment in GM's Canadian operations, representing the largest automotive investment in Canadian history. Included in this investment is a $582 million investment in the City of Oshawa paint shop for two car operations, the introduction of flexible manufacturing systems at the Number 2 car plants in the City of Oshawa, the expansion of Canadian engineering and design, and the establishment of a Canadian Automotive Centre of Excellence to be based at the new University of Ontario Institute of Technology.

According to The Conference Board of Canada's 'Spring 2005 Metropolitan Outlook,' the Oshawa Census Metropolitan Area (CMA) "...is expected to enjoy the fastest growing metropolitan economy over 2006 to 2009..." The report notes the "...huge boost from GM's recent decision to pour $2.5 billion into its Canadian operations."

Durham's economy, characterized by high employment levels and significant new capital investment, remains very positive. However, a robust economy also leads to significantly increased growth pressures and corresponding demands for more services and infrastructure expansion. The Regional Corporation is committed to responding to these demands in a fiscally responsible manner with timely infrastructure developments, including, but not limited to: the improvement and

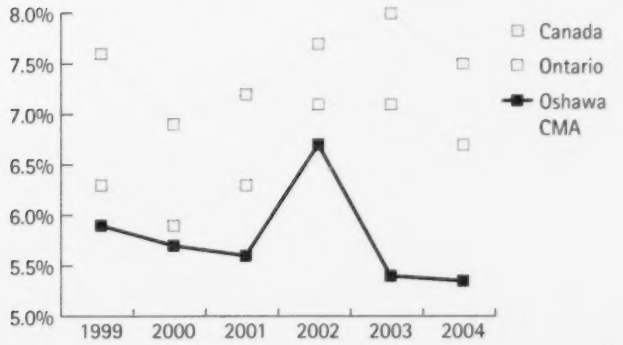
development of regional roads; water supply and sanitary sewerage; police and emergency medical facilities and equipment; and long-term care facilities.

Economic Indicators

Unemployment Rates

The Region's unemployment rate has remained below the Provincial and Canadian averages for six years. In 2004, the unemployment rate in the Oshawa CMA was 5.3 percent, compared to the Provincial average of 6.7 percent, and the Canadian average of 7.5 percent.

Unemployment Rates 1999 to 2004



Sources: Statistics Canada and The Conference Board of Canada

Building Permits

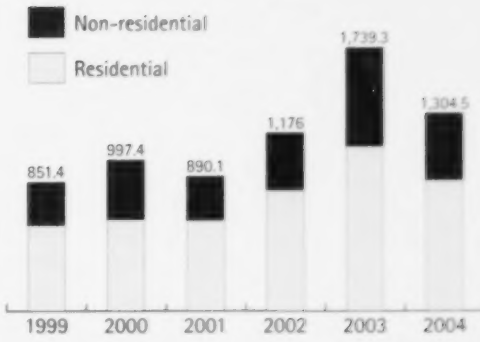
At $1.3 billion, the total value of building permits issued in the Region of Durham during 2004 was the second highest in the Region's history, next to the $1.7 billion issued in 2003. Since the Region's inception in 1974, the total value of building permits issued in Durham has averaged approximately $595 million per year. During 2004 permit values were over twice the historical value.

Approximately 66 percent of the total 2004 value was attributed to residential building permits, which totaled $865.8 million. This is down just over 20 percent compared to 2003. Despite the overall decline in residential building permit value, three area municipalities experienced notable increases during 2004, including the Municipality of Clarington (31.5 percent), the Township of Brock (29 percent) and the City of Pickering (27 percent).

Non-residential building permit activity also remained strong during 2004 at $438.7 million, well above the historical average non-residential value of $188.7 million per year. The share of non-residential building permit value in 2004 was also well distributed among the four core sectors (commercial, industrial, institutional and governmental).

Value of Building Permit Activity 1999 to 2004

$ Millions



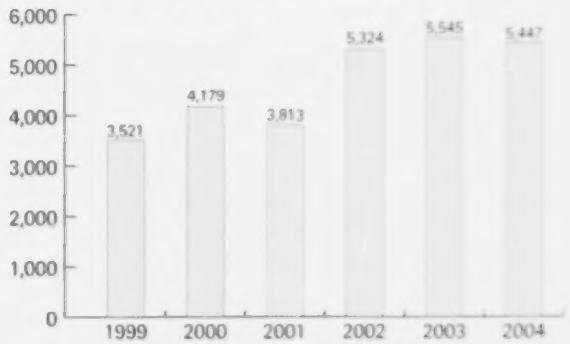
Source: Durham Region Planning Department

Housing Starts

Low interest rates, strong employment levels and significant in-migration provided a strong catalyst for housing demand in Durham Region, particularly over the 2002 to 2004 period. According to the Canada Mortgage and Housing Corporation (CMHC), there were 5,447 starts in the Region of Durham during 2004, down slightly from 5,545 starts in 2003, which was a banner year for housing starts and the best year since 1989.

New home buyers are looking to Durham Region for single detached homes, which represent the bulk of the housing starts documented. More affordable home prices are drawing potential buyers to the Region.

Durham Region Housing Starts 1999 to 2004



Source: Canada Mortgage and Housing Corporation (CMHC)

Growth and Spending

Significant population growth has resulted in a vigorous housing sector, as well as increasing demands for services from both public and private service providers. Durham's low unemployment rates, and relatively higher personal income levels, provide support for private sector consumer spending. In 2004, personal income per capita within the Oshawa CMA was estimated at $32,400. This is a level approximately 1.9 percent higher than Ontario at $31,800 per capita, and 7.6 percent higher than the Canadian personal income per capita figure of $30,100 per capita for 2004 (The Conference Board of Canada; Statistics Canada).

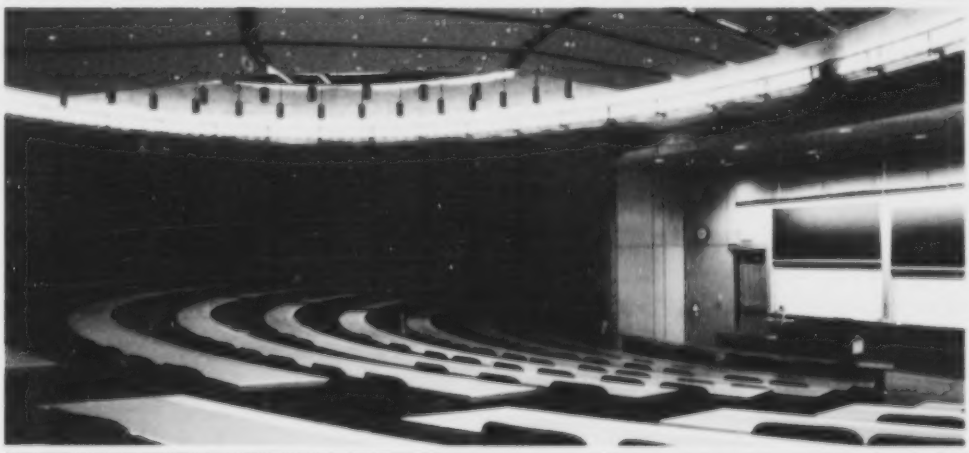
Strong and sustained population growth in Durham Region has continued to fuel local demands for both public and private sector services. According to the Conference Board of Canada, growth in the construction industry was approximately 29.4% during 2004, despite a slight drop in housing starts.

Major non-residential building projects initiated across the Region during 2004 included:

- Significant investment by Loblaw's for a distribution warehouse in the City of Pickering, and a Supermarket in the Town of Whitby;
- Expansion and renovations at Lakeridge Health in the City of Oshawa;
- A new Recreation Complex in the City of Oshawa
- A new long-term care facility in the Township of Brock;
- A new secondary school in the Municipality of Clarington;
- A new office building for Ontario Power Generation in the City of Pickering;
- New buildings at Durham College and the University of Ontario Institute of Technology; and,
- Additions to plants owned by Johnson Controls in the Town of Whitby and GM in the City of Oshawa.

"...The (Oshawa CMA's) economy enjoyed an amazing run between 1997 and 2003. Over those seven years, real gross domestic product (GDP) expanded at an average annual rate of 6 per cent, resulting in over 42,000 net new jobs...(The economy) is expected to expand this year and over the rest of the forecast period, leading all other Canadian cities in growth from 2006 to 2009."

Conference Board of Canada, Metropolitan Outlook 2A, Spring 2005



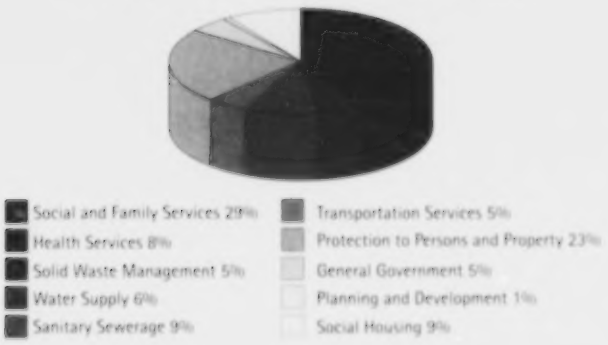
Durham Region

Operating Fund Expenditures

Total operating fund expenditures increased in 2004 by 10 percent from $513.7 million to $564.5 million. Major expenditure increases for 2004 included:

- 20 new police service personnel including 7 new front-line officers and 13 civilian employees;
- Expanded mandatory programs in Public Health for West Nile Virus, Influenza and Infectious Diseases and Severe Acute Respiratory Syndrome (SARS);
- Additional full and part time staffing and the related costs in Long Term Care and Services for Seniors to provide care for residents in Regional facilities;
- Substantial increases to Conservation Authority funding to address capital requirements including watershed planning, ground water management and "one-time" capital building projects; and,
- Funding contributions to the Rouge Valley Health System Foundation and the University of Ontario Institute of Technology.

2004 Operating Fund Expenditures $564.5 million

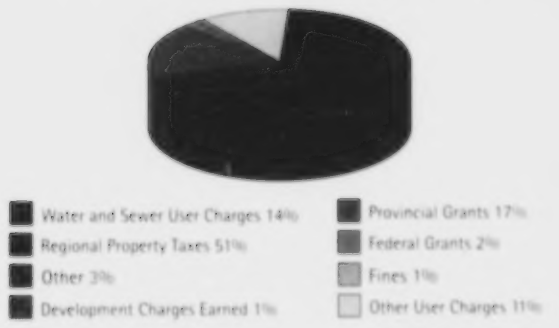


Operating Fund Sources of Financing

Operating fund sources include Regional property taxes, user charges and transfer payments from federal and provincial governments.

Revenue from property taxes increased to $341.5 in 2004, compared to $312.5 million in 2003, representing an increase of approximately nine percent. This increase in revenue was due to assessment growth, and a 2004 property tax increase. The 2004 regional property tax increase represented an average residential property tax impact of 6.2 percent.

2004 Operating Fund Sources of Financing $668 million



Water Supply and Sanitary Sewerage

The Region is responsible for providing safe and reliable operations and maintenance of water supply and sanitary sewerage systems, which efficiently meet requirements of existing and future residents and businesses. These operations are funded primarily from Region-wide uniform user rates. Water and sewer rates and rate structure, development charge receipts and long-term capital requirements are reviewed annually to ensure efficient operations and continued viability of water supply and sanitary sewerage.

During 2004, the Region completed the first phase of its Asset Management initiative, which resulted in comprehensive information regarding the inventory, condition, replacement value, and long-term capital requirements of the Region's water and sewer infrastructure. The Asset Management strategy will continue as an on-going corporate initiative to ensure that rehabilitation requirements for water and sewer infrastructure are adequately funded.

The Region adheres to the "user pay" principle when setting water and sanitary sewer rates. This principle results in charging water and sewer customers in proportion to costs incurred in providing those services. In 2004, a seven percent water and sewer rate increase was approved to fund:

- Increased operating costs;
- Increases in labour and utility costs;
- The replacement of water mains and sanitary sewers; and,
- Increased disposal costs for biosolids.

Surplus from water and sewer operations is transferred to the respective Treatment Plant/Rate Stabilization Reserve Funds to finance future capital upgrades and the replacement of aging infrastructure. Balances of the reserve funds at the end of 2004 were $58.5 million (2003 $64.6 million) for sewer services and $23.6 million (2003 $29.9 million) for water services.

"Durham utilizes a five-year economic and financial forecast, addressing all aspects of regional operations, to prepare its annual operating and capital budgets. The conservative nature of the forecast, which incorporates various risk scenarios, facilitates far-sighted decision making and has sustained strong financial performance."

Moody's Investors Service
2004 Credit Analysis,
January 2005

Solid Waste Management

Major solid waste expenditures relate to the Region's responsibilities for waste collection, haulage, processing, disposal and diversion initiatives, including a recently expanded Blue Box program. In 2004, the Blue Box program consisted of the collection, processing and marketing of just over 44,000 tonnes of recyclables or approximately 20 percent of Durham's waste stream.

The City of Pickering, Townships of Brock, Scugog and Uxbridge, and the Municipality of Clarington, transferred responsibilities for the collection of all waste materials to the Region in order to implement the Region's new Integrated Waste Program, which includes curbside collection of kitchen organics and a resulting increase in waste diversion from landfill.

During 2004, more than 19,200 tonnes of food and yard waste was composted, representing approximately eight percent of the waste stream. Negotiations continue, between the Region and the City of Oshawa and the Towns of Whitby and Ajax, to implement similar and standardized Region wide diversion programs.

As of July 1, 2006, the Region will commence operations under its new contract for the processing of kitchen food wastes at a new private enclosed compost facility to be constructed in the City of Pickering. This new facility will provide the required capacity to implement the curbside kitchen waste collection program throughout the Region.

The Region owns and operates a rural landfill site, four waste management facilities, a recycling processing facility, several household hazardous waste depots, and has proactive promotional and educational programs to encourage residents to reduce, re use, recycle and compost. During 2004, the Region sent approximately 149,400 tonnes of garbage waste to landfill, resulting in a diversion rate of approximately 33 percent, including recycling, composting and other diversion programs.

Combined with other programs, it is anticipated that the Region will reach its 50 percent waste

diversion target by 2007 or earlier.

Revenue sources consist of Solid Waste property taxes, user fees, Provincial subsidies and the sale of recyclables. Uncertainties that can lead to a surplus (or deficit) position for this operation include tonnage variances, subsidy changes, and fluctuating market prices for diversion materials. In 2004, contributions from the operating fund, including interest earnings, were $1.4 million to the Solid Waste Management Reserve Fund, which at the end of 2004 had a balance of $14.0 million.

The Solid Waste Management Budget is separate from the Region's general levy budget and is funded by user fees and a Solid Waste Management Property Tax Rate.

Capital Fund Expenditures

Capital investment is necessary to maintain current infrastructure and provide for future requirements. In 2004, capital fund expenditures totalled $153.4 million compared to $111.2 million in 2003. This increase included capital expenditures associated with:

- A new CAD/RMS system for police officer reporting, dispatching and record keeping;
- Ambulance station replacement, new ambulances and associated equipment;
- Rebuild of the Lakeview Manor Long-term Care facility; and,
- In addition to the regular Regional roads capital program, major improvement projects along portions of Taunton Road from the City of Oshawa to the Town of Ajax.

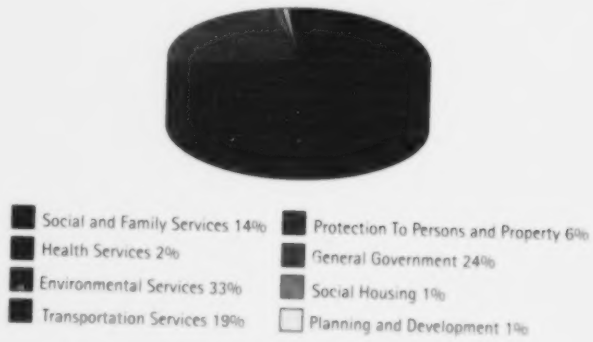
Transportation and Environmental Services (water supply and sanitary sewerage) were significant spending categories. Major roads projects included:

- Reconstruction of Regional Road 10 in Sunderland, in the Township of Brock;
- Reconstruction of Simcoe Street in the Township of Scugog;
- Land acquisitions for major reconstruction and widening of Taunton Road from the Town of Ajax through to the City of Oshawa;
- Reconstruction of segments of Bloor Street in the City of Oshawa; and,
- Various intersection improvements as well as major road and bridge rehabilitation projects throughout the Region.

Major 2004 water supply and sanitary sewerage capital included:

- Water main rehabilitation (cement lining program);
- Replacement of watermains and sanitary sewers in conjunction with Area Municipal roads programs;
- New feedermains;
- Detailed design for the new Courtice WPCP and its sub-components (pumping station, effluent outfall and convergence system) in the Municipality of Clarington;
- Upgrading of water supply facilities across the Region to comply with Ontario Shrinking Water Protection Regulation No. 170/03; and,
- Modifications to digesters at Corbett Creek Water Pollution Control Plant in the Town of Whitby.

2004 Capital Fund Expenditures $153.4 million



Capital Fund Sources of Financing

The Region's 2004 capital spending program was financed from the operating fund, reserves and reserve funds, debentures, developer contributions, subsidies and local municipal recoveries.

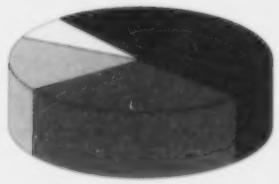
In 2004, $71.6 million of new debenture debt was issued to assist in financing the rebuild of long-term care facilities, including $40.5 million for the new 200-bed Hillsdale Terrace facility, located in the City of Oshawa, and $31.1 million for the new 149-bed Lakeview Manor facility located in Beaverton.

Development charges are collected from developers and are held by the Region to finance future residential and commercial growth related projects for water, sewer, roads and other specific purposes. In 2004, contributions to the capital fund from development charges totaled $38.4 million, compared to $14.6 million in 2003.

"Durham's capital requirements and debt forecast are outlined in a five-year capital plan, revised annually. The region relies heavily on pay-as-you-go financing, issuing debentures to cover only major capital projects. An asset management team monitors closely the state of the region's infrastructure – the replacement value of which is estimated at C$4.9 billion – and helps to prioritize capital spending needs."

Moody's Investors Service, Credit Analysis, January 2005

2004 Capital Fund Sources of Financing $230.2 million



Development Charges Earned 17%
Debentures 31%
Transfers From Operating Fund 28%
Transfers From Reserves and Reserve Funds 17%
Other 7%

Debt Position

The Region's debt management policies are governed by provincial legislation and Regional Council's approval. As noted above, in 2004 new debt was issued to fund the rebuild of the Hillsdale Terrace and Lakeview Manor Long-term Care facilities. As a result, the Region's debt burden increased from $117.5 million to $181.5 million, net of debt repayments made during the year.

Despite the 2004 increase, the Region maintains relatively low debt levels and continues to adhere to the pay-as-you-go financing philosophy, ensuring debt issuance only for major projects. The Region's strong capital structure, and solid reserves and reserve funds, also help to ensure debt is minimized.

The Region is responsible for debenture debt totaling $297.8 million, at December 31, 2004. Of this debt, $116.3 million or 39 percent was issued on behalf of Durham local municipalities and school boards, who in turn are responsible for paying the Region both principal and interest. The Region is the authorized entity for debt issuance for all local municipalities within its jurisdictional boundaries. The net debt to be financed by the Region itself is $181.5 million.

Durham's Credit Rating

Both Standard & Poor's and Moody's Investor Service re-affirmed the Region's long-time Triple A credit rating for the Region's long-term debentures, with a continued stable outlook. The annual rating review includes consideration of performance of the Regional economy and financial results achieved by the Region, including its eight local municipalities.

The Region's 2004 credit fundamentals were reviewed and Durham's major credit strengths were identified as follows:

- Prudent budgetary practices, including a five-year economic and financial forecast that addresses 'all aspects of regional operations to prepare its annual operating and capital budgets;'
- Sustained strong financial performance;
- A relatively low debt burden with 'heavy reliance on pay-as-you-go financing';
- An expanding and increasingly diversified economy and steadily growing assessment base; and,
- A predictable expenditure profile and predictable and expanding revenue base.

Two of Durham Region's most important financing policies are "pay-as-you-go" capital financing and "growth pays for growth", which are reflected in the Region's current and long-standing triple A credit

rating. The Region will uphold these philosophies. Although significant capital outlays for infrastructure are still required over the next five years, a continued focus on internal funding will minimize future debt issuance needs.

Reserves and Reserve Funds

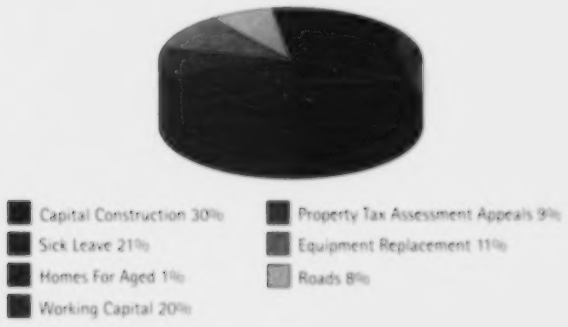
Recognizing their importance to the overall financial strategy, the Region continues to maintain solid reserve and reserve fund positions, ensuring maximum flexibility, minimal impacts from growth and future liabilities, and a solid foundation for the Region's pay-as-you-go financing philosophy. Regional reserve and reserve fund balances are continuously monitored to ensure they are sustained at adequate and appropriate levels to meet present and future requirements. Reserve and reserve funds, at December 31, 2004, totaled $339.9 million, an increase of 0.9 percent compared to the December 31, 2003 balance of $336.9 million. The majority of the Region's reserves and reserve funds are committed towards financing future capital construction costs for water supply, sanitary sewerage, regional roads, solid waste management and future liabilities.

Reserves

At the end of 2004, the Region's nine reserves reached $136.5 million, an increase in value of $6.0 million from 2003 balance of $130.5 million, or 4.6 percent.

The Region's Reserves are established for specific purposes, such as providing working capital to mitigate fluctuations in annual cash flows. Two reserves provide the Region with necessary financing for future liabilities: sick leave and contingencies reserves. Other reserves have been established to enable up-front financing of major capital expenditures or are used to finance projects budgeted in one year, but with construction taking place over more than a year (capital construction, regional roads, long-term care and equipment replacement reserves).

2004 Reserves $136.5 million



Reserve Funds

Reserve funds are monies set aside to finance specific future costs. The Region's reserve funds totaled $203.4 million at the end of 2004, a decrease of $3.0 million compared to 2003. The 2004 year-end balance includes $5.0 million of interest earned during the year.

The Region of Durham maintains a General Levy Stabilization Reserve Fund for tax stabilization purposes, and to guard against the risk of significant unforeseen expenditures.

2004 Reserve Funds $203.4 million

Note: This chart excludes development charges/deferred revenues totaling $171.3 million.

Financial Management Team

Finance Department

R.J. Clapp, CA
Commissioner of Finance and Treasurer

P.N. Richards, BBA, MBA
Director of Budgets, Economic Studies and Risk Management

M.E. Simpson, BA, MA
Director of Financial Planning

D.W. Beaton, BAS
Director of Information Management Services

J.M. Cermak, CA
Director of Financial and Utility Services

R.A. Crystal, CMA
Manager of Accounting

S. Coward
Manager of Insurance and Risk Management

J.S. Lorne, CET, MBA
Manager of Supply and Services

R.D. Siblock, CMA
Manager of Utility Finance

Auditor

Deloitte & Touche LLP
Chartered Accountants

Banker

The Royal Bank of Canada

Fiscal Agents

RBC Dominion Securities Inc.

CIBC World Markets

ANNUAL REPORT

The Regional Municipality of Durham
Financial Information

for the year ended December 31, 2004

Durham Region

Management Report

The Management of the Corporation of the Regional Municipality of Durham is responsible for the preparation and integrity of the accompanying Consolidated Financial Statements and all other information contained in this Annual Report. The financial statements herein have been prepared in accordance with generally accepted accounting principles applicable to local governments, and conform with accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements. Financial data presented elsewhere in the Annual Report is consistent with that of the Consolidated Financial Statements.

Management maintains systems for accounting, business planning and budgeting, an internal audit function, as well as other internal controls, to provide assurance that transactions are appropriately authorized and recorded accurately, that assets are secured and accounted for, and that the integrity and completeness of financial records is maintained.

The 2004 Consolidated Financial Statements, Notes to the Financial Statements, Supporting Schedules, and the Trust Funds Financial Statements have been independently audited by Deloitte & Touche LLP. The Auditors' opinion on the fair presentation of Durham's financial position, results of its operation, and changes in financial position for the year ended December 31, 2004, are included in the Auditors' Reports that follow.

R.J. Clapp, CA
Commissioner of Finance and Treasurer

June 30, 2005

ANNUAL REPORT

Consolidated Financial Statements and Auditors' Report

for the year ended December 31, 2004

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the consolidated statement of financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2004 and the consolidated statements of financial activities and of changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2004 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
June 17, 2005

Member of
Deloitte Touche Tohmatsu

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Position

December 31, 2004

(in thousands of dollars)

	2004	2003
ASSETS		
Financial Assets		
Cash and investments (Note 3)	$ 765,820	$ 673,787
Accounts receivable	44,578	34,191
Other assets	2,842	2,065
Debenture debt recoverable from local municipalities and school boards (Note 4)	116,251	97,630
	929,491	807,673
LIABILITIES		
Accounts payable and accrued liabilities	114,752	92,598
Deferred revenue - Schedule 5	171,340	167,757
Other deferred revenue	12,712	12,486
Debenture debt (Note 4)	297,809	215,170
Employee benefits and post employment liabilities (Note 6)	66,195	64,257
Landfill closure and post closure liability (Note 7)	3,373	3,271
	666,181	555,539
NET FINANCIAL ASSETS	$ 263,310	$ 252,134
MUNICIPAL POSITION		
Operating Fund - Schedule 1 (Note 13)	230	230
Capital Fund - Schedule 2	167,293	90,550
Reserves and Reserve Funds - Schedule 3 (Note 5)	339,921	336,914
Fund balances	507,444	427,694
Amounts to be recovered in future years (Note 8)		
From Reserves and Reserve funds	(37,591)	(34,902)
From future revenue	(206,543)	(140,658)
	(244,134)	(175,560)
MUNICIPAL POSITION	$ 263,310	$ 252,134

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Activities

Year ended December 31, 2004

(in thousands of dollars)

	2004		2003
	Budget (Note 16)	Actual	Actual (Note 19)
REVENUES			
Regional taxes (including supplementary taxes)	$ 330,621	$ 341,532	$ 312,463
User charges			
Water and sewer	86,903	92,542	85,913
Other	76,645	75,308	59,508
Fines	5,792	5,495	5,592
Government transfers			
Canada	10,285	10,409	10,391
Ontario	122,850	113,570	108,006
Development charges earned - Schedule 5	46,319	44,857	21,037
Contributions from developers	-	670	366
Other	11,833	44,747	38,160
TOTAL REVENUES	691,248	729,130	641,436
EXPENDITURES (Note 9)			
Operating Fund - Schedule 1	577,487	564,511	513,686
Capital Fund - Schedule 2	170,178	153,443	111,223
TOTAL EXPENDITURES	747,665	717,954	624,909
NET (EXPENDITURES) REVENUES	(56,417)	11,176	16,527
FINANCING ACTIVITIES			
Debt issued for Regional purposes	30,000	71,622	40,000
Regional debt principal repayments	(7,752)	(7,604)	(7,484)
Increase (decrease) unfunded employee benefits and post employment liabilities	-	4,454	(805)
Increase in landfill closure and post closure liability	-	102	91
INCREASE IN AMOUNTS TO BE RECOVERED IN FUTURE YEARS	22,248	68,574	31,802
CHANGE IN FUND BALANCES	(34,169)	79,750	48,329
FUND BALANCES, BEGINNING OF YEAR		427,694	379,365
FUND BALANCES, END OF YEAR		$ 507,444	$ 427,694

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2004

(in thousands of dollars)

	2004	2003
OPERATIONS		
Net revenues	$ 11,176	$ 16,527
Uses		
Increase in accounts receivable	(10,387)	(3,029)
Increase in other assets	(777)	-
Decrease in other deferred revenue	-	(3,961)
	(11,164)	(6,990)
Sources		
Decrease in other assets	-	214
Increase in accounts payable and accrued liabilities	22,154	15,343
Increase in deferred revenue	3,583	47,941
Increase in other deferred revenue	226	-
Increase in landfill closure and post closure liability	102	91
Increase in employee benefits and post employment liabilities	1,938	4,459
	28,003	68,048
Net increase in cash from operations	28,015	77,585
FINANCING		
Debt issued for Regional purposes	71,622	40,000
Regional debt repaid	(7,604)	(7,484)
Net increase in cash from financing activities	64,018	32,516
NET CHANGE IN CASH AND INVESTMENTS	92,033	110,101
CASH AND INVESTMENTS, BEGINNING OF YEAR	673,787	563,686
CASH AND INVESTMENTS, END OF YEAR	$ 765,820	$ 673,787

The accompanying notes and schedules are an integral part of these financial statements.

1. MUNICIPAL STRUCTURE

The Regional Municipality of Durham came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under the authority of the *Regional Municipality of Durham Act, 1973*.

The Region comprises the following local municipalities:

- Town of Ajax
- Township of Brock
- Municipality of Clarington
- City of Oshawa
- City of Pickering
- Township of Scugog
- Township of Uxbridge
- Town of Whitby

and is responsible for services within these local municipalities related to the following:

- Protection to persons and property, including Police, Conservation Authorities, Emergency Planning, Fire Co-ordination and 911 Emergency Telephone services.
- Transportation Services, including all Regional Roadways and Traffic Control.
- Environmental Services, including the Water Supply System, Sanitary Sewerage System, Regional Storm Sewer System and Solid Waste Management.
- Health Services, including Public Health Services and Inspections.
- Emergency Medical Services.
- Social and Family Services, including Ontario Works, Services for Seniors, and Children's Services.
- Social Housing Services, including provision of subsidized housing, rent supplement programs and homeless shelters.
- Planning, including official plan administration.
- Regional Development and promotion.
- Administration, prosecution and collection of fines under the *Provincial Offences Act (POA)*.
- Financial, including all debt issues and property tax policy.

2. SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Corporation of the Regional Municipality of Durham are representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Region and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality and is the difference between financial assets and liabilities. This information explains the Region's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Basis of Statement Presentation

i. The consolidated financial statements reflect activities of the Operating Fund, Reserves, Reserve Funds, and the Capital Fund of the Region, including activities of the Durham Regional Police Services Board, and the Durham Regional Local Housing Corporation. Operations of other social housing providers are not consolidated in these financial statements as the Region neither owns nor controls them. Funding paid to these providers is recorded as Social Housing expenditures in the Consolidated Schedule of Operating Fund Activities.

ii. Trust Funds administered by the Region are not included in these consolidated financial statements. Trust Funds are disclosed separately in the Trust Funds Statement of Financial Activities and Statement of Financial Position.

(b) Basis of Accounting

i. Accrual Basis of Accounting

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due. Transactions between funds are recorded as interfund transfers.

ii. Capital Assets

The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as expenditures in the Consolidated Statement of Financial Activities in the year of acquisition.

iii. Pension and Employee Benefits

The Region accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to payout when an employee leaves the Region's employment. Other post-employment benefits are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees.

iv. Deferred Revenue

Development charges, collected under the authority of the *Development Charges Act, 1997*, are reported as deferred revenue on the Consolidated Statement of Financial Position, in accordance with the standards of PSAB. These amounts will be recognized as revenues in the fiscal year in which the related expenditures are incurred on qualifying capital projects.

v. Government Transfers

Government transfers are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

vi. Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

3. INVESTMENTS

Included in cash and investments of $765,820 (2003 - $673,787) are investments of $762,203 (2003 - $665,350) recorded at cost and with a market value of $762,651 (2003 - $665,707).

4. DEBENTURE DEBT

(a) Debenture debt reported on the Consolidated Statement of Financial Position is made up of the following items.

	2004	2003
Total debenture debt incurred	$ 297,809	$ 215,170
Less debenture debt recoverable from local municipalities and school boards	(116,251)	(97,630)
Net regional debt	$ 181,558	$ 117,540

Interest rates for the above debt ranges from 2.75 percent to 10 percent, with maturities between May 15, 2006 and December 23, 2024. Local municipalities and school boards assumed responsibility for payment of principal and interest charges, for the principal amount shown above. The Region is contingently liable for these debentures.

(b) The Regional debenture debt principal repayments required over the next five years are as follows:

	2005	2006	2007	2008	2009
Water Supply Operation	$ 3,382	$ 3,575	$ 3,604	$ 3,815	$ 4,040
Sanitary Sewerage Operation	1,404	1,493	1,254	1,337	1,429
Police Services Board	258	272	-	-	-
Homes for the Aged	3,794	4,014	4,248	4,499	4,767
General Government	1,215	1,284	1,358	1,436	1,519
	$ 10,053	$ 10,638	$ 10,464	$ 11,087	$ 11,755

These annual principal and interest payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Total interest charges for the year for debenture debt reported on the Consolidated Statement of Financial Activities is $8,924 (2003 - $6,799).

Of the total 2004 charges shown above, $5,666 (2003 - $3,280) was paid from general revenues of the Region, $2,038 (2003 - $2,209) was recovered from the water supply operation and $1,220 (2003 - $1,310) was recovered from the sanitary sewerage operation. These amounts are included on the Consolidated Schedule of Operating Fund Financial Activities (Schedule 1) classified under the appropriate functional expenditure headings.

5. RESERVES AND RESERVE FUNDS

Reserves and Reserve Funds set aside for specific purposes by Council are comprised as follows:

	2004	2003
Reserves		
Working capital	$ 26,640	$ 24,955
Property tax assessment appeals	11,880	11,560
Equipment replacement	15,479	9,919
Regional roads	3,397	3,060
Contingencies	400	400
Sick leave	29,182	26,908
Capital	40,975	52,079
Homes for the aged	1,133	1,133
Taunton Road Capital	7,406	-
Durham Regional Local Housing Corp.	-	494
Total Reserves	136,492	130,508
Reserve Funds		
Treatment Plant/Rate Stabilization		
Sanitary sewage	58,492	64,593
Water supply	23,647	29,922
Regional share of non-residential development		
Sanitary sewage	3,503	3,418
Water supply	2,755	2,687
Solid waste management	14,023	12,720
Highway 2	253	234
General levy stabilization	47,406	47,905
911 emergency telephone system	68	66
Industrial land	1,067	1,041
Roads property acquisition	320	312
Foreign exchange	3,959	3,863
Workers' compensation	18,229	12,869
York/Durham sanitary sewage	3,865	3,613
Insurance	12,023	11,820
Social Housing	5,697	4,696
Roads rehabilitation	356	74
Emergency medical services	438	428
Durham University Centre	411	400
Durham Regional Cancer Centre	5,395	5,264
Regional forest	228	408
Police capital	172	73
Durham Regional Local Housing Corp.	772	-
Regional land conservation and protection	350	-
Total Reserve Funds	203,429	206,406
Total Reserves and Reserve Funds	$ 339,921	$ 336,914

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

Employee benefits and post employment liabilities are comprised as follows:

	2004	2003
Sick leave benefit	$ 30,281	$ 27,680
Post employment benefit	26,022	24,377
Workplace safety and insurance benefits	8,409	7,994
Paid leave benefit	1,483	4,206
Total employee benefits and post employment liabilities	66,195	64,257
Less: post retirement liability recognized for existing retirees	(6,992)	(9,508)
Total employee benefits and post employment liabilities to be recovered in future years	$ 59,203	$ 54,749

The significant management assumptions established for the valuation of the sick leave and post employment benefit liabilities are as follows:

Discount rate	6%
Inflation rate	3%
Dental benefit cost escalation	5% per year
Medical benefit cost escalation	10% per year reducing to 5% per year over 15 years

(a) Sick Leave Benefit

Under the sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Region's employment. The liability for this benefit is an estimate of vested sick leave benefits that could be taken in cash by employees on termination.

The total sick leave benefit liability is estimated at $30,281 (2003 - $27,680). An independent actuarial valuation estimated an actuarial gain of $1,297 at December 31, 2004 resulting in an accrued benefit obligation of $28,984. The actuarial gain will be amortized, commencing in 2005, over the expected average remaining employee service life of 14 years.

Total sick leave benefit expenditures of $4,414 (2003 - $3,902) recorded in the Consolidated Statement of Financial Activities are comprised of current period benefit costs of $2,726 (2003 - $2,353) and interest of $1,688 (2003 – $1,549).

(b) Post Employment Benefit

The Region provides continued coverage for extended health and dental care benefits to qualifying employees who retire before the age of 65. Coverage ceases at the age of 65 for employees, with the exception of Police Service employees whose benefit coverage continues up to age 70.

The total post employment benefit liability is estimated at $26,022 (2003 - $24,377). An independent actuarial valuation estimated an actuarial loss of $1,965 at December 31, 2004 resulting in an accrued benefit obligation of $27,987. The actuarial loss will be amortized, commencing in 2005, over the expected average remaining service life of 14 years.

Of these post employment benefit liabilities, the Region has funded $5,509 (2003 - $5,302), covering retired employees.

Total post employment benefit expenses are $2,758 (2003 - $2,487), of which $1,290 (2003 - $1,110) represents the current period benefit costs and $1,468 (2003 - $1,377) is for interest.

(c) Workplace Safety and Insurance Benefits

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act* and follows a policy of self-insurance for all its employees. The Region assumes the liability for any award made under the Act.

The total workplace safety and insurance benefit liability is estimated at $8,409 (2003 - $7,794). An independent actuarial valuation estimated an actuarial loss of $4,998 at December 31, 2004 resulting in an accrued benefit obligation of $13,407. The actuarial loss will be amortized, commencing in 2005, over 10 years. A workers compensation reserve fund in the amount of $18,229 (2003 - $12,869) has been established to provide for this liability and catastrophic events.

(d) Paid Leave Benefit

The Durham Region Police Services allowed employees eligible to retire to exercise the option of utilizing their sick leave credits for up to a maximum of one year paid leave. This option terminated December 30, 2003. The liability for these accumulated days, to the extent vested with employees who have elected this option, amounted to $1,483 (2003 - $4,206) at the end of the year. This liability is fully funded.

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Region currently owns and operates one active landfill site and six closed landfill sites. The total estimated expenditure (using a discount factor of 6 percent less an estimated inflation factor of 3 percent) for closure and post closure costs is $3,790 (2003 - $3,701). The amount reported on the Consolidated Statement of Financial Position is $3,373 (2003 - $3,271) and the amount remaining to be recognized is $417 (2003 - $430).

The Region is responsible for post closure at six inactive sites, which includes monitoring of ground and surface water, leachate and gas, ongoing maintenance and annual reporting, for a period of 40 years. Closure costs include final cover and vegetation, drainage control features, leachate control or monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition (buffer zones), site remediation, and site closure reports.

The liability for closure and post closure care is recognized as capacity of each site is used. For any closed sites, 100 percent of the liability is recognized. It is estimated that the remaining capacity of 202,000 cubic meters at the active site will provide landfill disposal capacity for an additional nineteen years.

8. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

Amounts to be recovered in future years represent the requirement of the Region to raise funds in future years to finance unfunded liabilities.

	2004	2003
Unfunded employee benefits and post employment liabilities	$ 59,203	$ 54,749
Solid waste landfill closure and post closure liability	3,373	3,271
Debenture debt	297,809	215,170
Less debenture debt recoverable from local municipalities and school boards	(116,251)	(97,630)
Total amounts to be recovered in future years	244,134	175,560
Funding available from reserves and reserve funds		
Sick leave reserve	29,182	26,908
Workers' compensation reserve fund	8,409	7,994
	37,591	34,902
Amounts to be recovered in future years	$ 206,543	$ 140,658

9. EXPENDITURES BY OBJECT

Schedules 1 and 2 present the consolidated expenditures by function. The following classifies those same expenditures by object.

	2004	2003
Salaries, wages and employee benefits	$ 288,299	$ 258,920
Operating materials and supplies	77,010	70,475
Contracted services	60,757	52,522
Rents and financial expenses	17,664	14,690
External transfers	111,857	110,280
Capital expenditures	153,443	111,223
Debenture interest	8,924	6,799
Total expenditures by object	$ 717,954	$ 624,909

10. PENSION AGREEMENTS

The Region makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of the approximately 4,000 regional employees. The plan is a defined benefit plan that specifies the amount of retirement benefits to be received by employees based on length of service and pay rates. Contributions to OMERS were $14,185 (2003 - $4,132) for current service.

11. CONTRACTUAL OBLIGATIONS

(a) Sanitary Sewerage System

In 1997, the Regional Municipality of Durham and the Regional Municipality of York jointly purchased certain sanitary sewerage systems from the Province of Ontario and entered into a joint operating agreement, whereby Durham operates and maintains these facilities. Each co-owner is responsible for its share of operating costs based on actual sewerage flows.

(b) Lease Commitments

The Region has commitments under various building lease agreements expiring in 2005 to 2009. These leases require approximate annual rental payments for the next five years as follows:

2005	$	4,191
2006	$	2,198
2007	$	2,199
2008	$	2,200
2009	$	2,200

12. CONTINGENCY

The Region has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2004, and accordingly, no provision has been made in these financial statements for any liability that may result.

13. SOCIAL HOUSING REFORM ACT

Effective January 1, 2001, under the provisions of Bill 128 the Province of Ontario transferred the social housing units of the Ontario Housing Corporation located in the Region to the Durham Regional Local Housing Corporation (DRLHC), under the provisions of the *Ontario Business Corporations Act*, with the Regional Municipality of Durham as the sole shareholder. Financial activities of the DRLHC are reported in these consolidated financial statements.

Income producing properties acquired as a result of the transfer were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership of the DRLHC to the Region, the Province did not transfer the responsibility for the repayment of the debentures. Accordingly, neither the value of the income producing properties nor the value of the related provincial debentures was recorded on the DRLHC's financial statements. The remaining assets and liabilities acquired were recorded at book value resulting in a contributed surplus of $230.

14. PROVINCIAL OFFENCES ADMINISTRATION

Effective December 4, 2000, the Region assumed responsibility for administering collection of revenues arising under the *Provincial Offences Act* (POA) from the Ministry of the Attorney General. The Region performs court support, administration and collection functions for all related fines and fees and prosecutes matters under the POA. The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the *Highway Traffic Act*, *Compulsory Automobile Insurance Act*, *Trespass to Property Act*, *Liquor Licence Act*, municipal by-laws and minor federal offences. Offenders may pay their fines at any Provincial Offences court office in Ontario, at which time their receipts are recorded in the Integrated Courts Operation Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded in ICON, regardless of the location where payment is made.

Gross revenues consist of fines levied under parts I and III (including delay penalties) for POA charges total $5,495 (2003 - $5,592). Net revenues amount to $2,120 (2003 - $2,537). Local municipalities share 60 percent of net revenues and the Region retains 40 percent or $848 (2003 - $1,015).

15. TRUST FUNDS

Trust Funds administered by the Region, totalling $888 (2003 - $846), have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

16. OPERATING AND CAPITAL FUNDS BUDGETS

The operating and capital budgets, as approved by Regional Council, for 2004 are reflected on the Consolidated Statement of Financial Activities, Consolidated Schedule of Operating Fund Financial Activities, and the Consolidated Schedule of Capital Fund Financial Activities. The budgets established for Capital Fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. As well, the Region does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either the Operating or Capital Funds.

17. GUARANTEES

In the normal course of business, the Region enters into agreements that meet the definition of a guarantee. The Region's primary guarantees subject to the disclosure requirements include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the Region to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Region from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Region has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the Consolidated Statement of Financial Position with respect to these agreements.

18. SUBSEQUENT EVENT

Effective January 1, 2006, the responsibility of the lower-tier municipalities with respect to Public Transportation systems will be transferred to the Region, in accordance with the by-law approved in February 2005. Existing transit employees will become employees of the Region and all related assets, liabilities, and reserves will also be transferred to the Region.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Operating Fund Financial Activities

Schedule 1

Year ended December 31, 2004

(in thousands of dollars)

	2004		2003
	Budget (Note 16)	Actual	Actual
REVENUES			
Regional taxes (including supplementary taxes)	$ 330,621	$ 341,532	$ 312,463
User charges			
Water and sewer	86,903	92,542	85,913
Other	76,645	75,308	59,508
Fines	5,792	5,495	5,592
Government transfers			
Canada	10,285	10,409	10,391
Ontario	122,850	113,570	108,006
Development charges earned - Schedule 5	6,436	6,493	6,417
Other	6,256	22,693	20,239
TOTAL REVENUES	645,788	668,042	608,529
EXPENDITURES			
General government	28,433	26,987	25,563
Protection to persons and property	131,060	128,469	115,642
Transportation services	27,509	28,723	27,335
Environmental services	114,799	114,981	99,556
Health services	48,308	45,937	40,551
Social and family services	173,414	165,101	152,610
Social housing	48,162	48,885	47,170
Planning and development	5,802	5,428	5,259
TOTAL EXPENDITURES	577,487	564,511	513,686
NET REVENUES	68,301	103,531	94,843
FINANCING ACTIVITIES			
Debt principal repayments	(7,752)	(7,604)	(7,484)
Decrease in unfunded employee benefits and post employment liabilities	-	4,454	(805)
Increase in landfill closure and post closure liability	-	102	91
Transfer from reserves and reserve funds	30,948	19,876	8,518
Transfer to capital fund	(71,974)	(63,754)	(46,523)
Transfer to reserves and reserve funds	(19,523)	(56,605)	(48,640)
NET FINANCING ACTIVITIES AND TRANSFERS	(68,301)	(103,531)	(94,843)
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCES, BEGINNING OF YEAR (Note 13)	230	230	230
FUND BALANCES, END OF YEAR (Note 13)	$ 230	$ 230	$ 230

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Capital Fund Financial Activities

Schedule 2

Year ended December 31, 2004

(in thousands of dollars)

	2004		2003
	Budget (Note 16)	Actual	Actual (Note 19)
REVENUES			
Development charges earned - Schedule 5	$ 39,883	$ 38,364	$ 14,620
Contribution from developers	-	670	366
Other	5,577	17,055	11,798
TOTAL REVENUES	45,460	56,089	26,784
EXPENDITURES			
General government	3,103	37,419	17,533
Protection to persons and property	3,825	8,573	12,924
Transportation services	43,560	29,788	37,058
Environmental services	84,420	50,231	32,559
Health services	2,198	3,615	4,697
Social and family services	31,436	21,793	5,359
Social housing	1,519	1,876	980
Planning and development	117	148	113
TOTAL EXPENDITURES	170,178	153,443	111,223
NET EXPENDITURES	(124,718)	(97,354)	(84,439)
FINANCING ACTIVITIES			
Proceeds from debentures	30,000	71,622	40,000
Transfer from operating fund	71,974	63,754	46,523
Transfer from reserves and reserve funds	22,744	38,721	32,485
NET FINANCING ACTIVITIES AND TRANSFERS	124,718	174,097	119,008
CHANGE IN FUND BALANCE	-	76,743	34,569
FUND BALANCE, BEGINNING OF YEAR	-	90,550	55,981
FUND BALANCE, END OF YEAR	$ -	$ 167,293	$ 90,550

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Reserves and Reserve Funds Financial Activities

Schedule 3

Year ended December 31, 2004

(in thousands of dollars)

	2004		2003
	Budget (Note 16)	Actual	Actual
REVENUES			
Interest		$ 4,999	$ 6,123
TOTAL REVENUES		4,999	6,123
TRANSFERS			
Transfer from operating fund	$ 19,523	56,605	48,640
Transfer to capital fund	(22,744)	(38,721)	(32,485)
Transfer to operating fund	(30,948)	(19,876)	(8,518)
NET TRANSFERS	(34,169)	(1,992)	7,637
CHANGE IN FUND BALANCE	(34,169)	3,007	13,760
FUND BALANCE, BEGINNING OF YEAR		336,914	323,154
FUND BALANCE, END OF YEAR		$339,921	$336,914

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Reserve Funds

Schedule 4

Year ended December 31, 2004

(in thousands of dollars)

	BALANCE, BEGINNING OF YEAR	REVENUE/CONTRIBUTIONS				TRANSFERS				BALANCE, END OF YEAR
		Interest on investments	From operating fund	Other	Total	To operating fund	To capital fund	Other	Total	
	$	$	$	$	$	$	$	$	$	$
Treatment Plant/Rate Stabilization										
Sanitary Sewage	64,593	1,620	1,264	-	2,884	8,985	-	-	8,985	58,492
Water Supply	29,922	748	1,000	-	1,748	8,023	-	-	8,023	23,647
Regional Share of Non-Residential Development										
Sanitary Sewage	3,418	85	-	-	85	-	-	-	-	3,503
Water Supply	2,687	68	-	-	68	-	-	-	-	2,755
Solid Waste Management	12,720	327	1,114	-	1,441	30	108	-	138	14,023
Highway 2	234	7	-	-	7	-	(12)	-	(12)	253
General Levy Stabilization	47,905	913	13,930	-	14,843	108	15,234	-	15,342	47,406
911 Emergency Telephone	66	2	-	-	2	-	-	-	-	68
Industrial Land	1,041	26	-	-	26	-	-	-	-	1,067
Roads Property Acquisition	312	8	-	-	8	-	-	-	-	320
Foreign Exchange	3,863	96	-	-	96	-	-	-	-	3,959
Workers' Compensation	12,869	330	5,043	-	5,373	13	-	-	13	18,229
York/Durham Sanitary Sewage	3,613	93	200	-	293	41	-	-	41	3,865
Insurance	11,820	287	1,044	-	1,331	1,128	-	-	1,128	12,023
Social Housing	4,696	138	863	-	1,001	-	-	-	-	5,697
Roads Rehabilitation	74	71	3,803	-	3,874	-	3,592	-	3,592	356
Emergency Medical Services	428	10	-	-	10	-	-	-	-	438
Durham University Centre	400	11	-	-	11	-	-	-	-	411
Durham Regional Cancer Centre	5,264	131	-	-	131	-	-	-	-	5,395
Regional Forest	408	12	158	-	170	-	-	350	350	228
Police Capital	73	4	795	-	799	-	700	-	700	172
Durham Regional Local Housing	-	12	760	-	772	-	-	-	-	772
Regional land conservation and protection	-	-	-	350	350	-	-	-	-	350
Total	206,406	4,999	29,974	350	35,323	18,328	19,622	350	38,300	203,429

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Deferred Revenue

Schedule 5

Year ended December 31, 2004

(in thousands of dollars)

	Sanitary Sewage Residential & Commercial	Water Supply Residential & Commercial	Regional Roads Residential & Commercial	Waste Disposal Residential	Administrative Facilities Residential	Police Residential	Homes For the Aged Residential	Development Charge Study Residential	GO Transit Residential	Emergency Medical Services Residential	Total
	$	$	$	$	$	$	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	49,982	78,480	23,905	4,361	2,101	2,970	323	89	5,427	119	167,757
Increase in deferred revenue											
Interest	1,047	1,535	589	108	52	70	11	2	139	7	3,560
Development charges collected	11,210	16,899	13,273	-	-	670	271	32	2,220	305	44,880
	12,257	18,434	13,862	108	52	740	282	34	2,359	312	48,440
Application of deferred revenue											
Contribution to operating fund											
for growth related debentures											
Sanitary Sewerage	2,171	-	-	-	-	-	-	-	-	-	2,171
Water Supply	-	4,243	-	-	-	-	-	-	-	-	4,243
Homes for the Aged	-	-	-	-	-	-	69	-	-	-	69
for other											
GTA Go Study	-	-	-	-	-	-	-	-	10	-	10
Contribution to capital fund	5,896	17,837	7,831	46	2,153	475	-	-	4,126	-	38,364
	8,067	22,080	7,831	46	2,153	475	69	-	4,136	-	44,857
BALANCE, END OF YEAR	54,172	74,834	29,936	4,423	-	3,235	536	123	3,650	431	171,340

ANNUAL REPORT

Trust Funds: Financial Statements and Auditors' Report

for the year ended December 31, 2004

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

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Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the statement of financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2004 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statements presents fairly, in all material respects, the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
June 17, 2005

Member of
Deloitte Touche Tohmatsu

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Activities

Year ended December 31, 2004

(in thousands of dollars)

	2004							2003
	Homes for the Aged			Campbell	Social	Miscellaneous		
	Residents	Donations	Bequests	Bequest	Services	Donations	Total	Total
REVENUE								
Residents	$ 1,483	$ 46	$ 2	$ -	$ -	$ -	$ 1,531	$ 1,585
Recipients	-	-	-	-	22	13	35	38
Interest earned	10	4	3	-	-	1	18	23
Total revenue	1,493	50	5	-	22	14	1,584	1,646
EXPENDITURE ON BEHALF OF								
Residents	1,446	60	6	-	-	-	1,512	1,596
Recipients	-	-	-	-	20	10	30	103
Total expenditure	1,446	60	6	-	20	10	1,542	1,699
NET (EXPENDITURE)/REVENUE	47	(10)	(1)	-	2	4	42	(53)
BALANCE, BEGINNING OF YEAR	456	174	138	1	3	74	846	899
BALANCE, END OF YEAR	$ 503	$ 164	$ 137	$ 1	$ 5	$ 78	$ 888	$ 846

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Position

December 31, 2004

(in thousands of dollars)

	2004							2003
	Homes for the Aged			Campbell	Social	Miscellaneous		
	Residents	Donations	Bequests	Bequest	Services	Donations	Total	Total
FINANCIAL ASSETS								
Cash and investments	$ 503	$ 164	$ 137	$ 1	$ 5	$ 78	$ 888	$ 846
FUND BALANCE	$ 503	$ 164	$ 137	$ 1	$ 5	$ 78	$ 888	$ 846

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Trust Funds Financial Statements

December 31, 2004

(in thousands of dollars)

1. ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with Canadian generally accepted accounting standards and reflect the following policies:

Basis of Accounting:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue. Expenditures are recorded in the period the goods and services are acquired and a liability is incurred.

Investments:

Investments are recorded at cost. The cost of investments approximates their fair market value.

Use of Estimates:

The preparation of the periodic financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

2. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.

ANNUAL REPORT

The Regional Municipality of Durham
Statistical Review: 2000 to 2004

for the year ended December 31, 2004

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2004

(in thousands of dollars)

	2004	2003	2002	2001	2000
	$	$	$	$	$
CURRENT OPERATIONS					
Analysis of Revenues					
Regional taxes	341,532	312,463	286,263	273,966	251,870
User charges					
Water and sewer	92,542	85,913	82,786	77,741	72,201
Other	75,308	59,508	54,603	39,381	39,330
Fines	5,495	5,592	5,285	4,687	2,641
Government Transfers					
Canada	10,409	10,391	8,800	630	51
Ontario	113,570	108,006	106,943	100,301	102,442
Development charges earned	6,493	6,417	6,419	6,410	6,002
Other	22,693	20,239	21,334	33,752	10,905
TOTAL REVENUES	668,042	608,529	572,433	536,868	485,442
Analysis of Expenditures by object					
Salaries, wages and employee benefits	288,299	258,920	219,279	202,105	168,864
Operating and general expenditure	155,431	137,687	125,817	117,865	110,218
External transfers	111,857	110,280	107,050	104,924	112,037
Debenture interest	8,924	6,799	5,644	5,801	4,615
TOTAL EXPENDITURES	564,511	513,686	457,790	430,695	395,734
Analysis of Expenditures by Function					
General government	27,987	25,563	17,277	17,656	16,893
Protection to persons and property	128,469	115,642	99,511	88,943	68,990
Transportation services	28,723	27,335	23,329	28,188	26,547
Environmental services	114,981	99,556	90,353	84,676	81,230
Health services	45,937	40,551	34,490	30,752	24,090
Social and family services	165,101	152,610	142,958	137,532	141,955
Social housing	48,885	47,170	45,079	38,324	30,200
Planning and development	5,428	5,259	4,793	4,624	5,829
TOTAL EXPENDITURES	564,511	513,686	457,790	430,695	395,734
NET REVENUES	103,531	94,843	114,643	106,173	89,708

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2004

(in thousands of dollars)

	2004	2003	2002	2001	2000
	$	$	$	$	$
CURRENT OPERATIONS (continued)					
Financing Activities and Transfers					
Debt principal repayments	(7,604)	(7,484)	(6,639)	(5,868)	(5,037)
Inc/(Decr) in unfunded employee benefits and post employment benefits liabilities	4,454	(805)	(3,851)	3,936	(2,826)
Inc/(Decr) in landfill closure and post closure liability	102	91	20	(62)	-
Transfer from reserves and reserve funds	19,876	8,518	3,552	3,201	5,344
Transfer to capital fund	(63,754)	(46,523)	(43,700)	(38,830)	(30,218)
Transfer to reserves and reserve funds	(56,605)	(48,640)	(64,025)	(68,320)	(56,971)
NET FINANCING ACTIVITIES AND TRANSFERS	(103,531)	(94,843)	(114,643)	(105,943)	(89,708)
CHANGE IN FUND BALANCE	-	-	-	230	-
FUND BALANCE, BEGINNING OF YEAR	230	230	230	-	-
FUND BALANCE, END OF YEAR	230	230	230	230	-

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

December 31, 2004

(in thousands of dollars)

	2004	2003	2002	2001	2000
	$	$	$	$	$
CAPITAL OPERATIONS					
Analysis of Revenues					
Government Transfers					
Ontario	-	-	461	373	-
Development charges - earned	38,364	14,620	19,859	16,763	20,680
Contribution from developers	670	366	327	1,830	3,302
Other	17,055	11,798*	6,685*	7,126*	8,014*
TOTAL REVENUES	56,089	26,784	27,332	26,092	31,996
Analysis of Expenditures by Function					
General government	37,419	17,533	3,098	2,175	2,409
Protection to persons and property	8,573	12,924	7,188	8,768	6,024
Transportation services	29,788	37,058	36,083	21,277	18,557
Environmental services	50,231	32,559	33,863	32,753	29,869
Health services	3,615	4,697	2,341	809	1,969
Social and family services	21,793	5,359	11,785	29,924	9,548
Social housing	1,876	980	1,567	896	6
Planning and development	148	113	317	141	87
TOTAL EXPENDITURES	153,443	111,223	96,242	96,743	68,469
NET REVENUES	(97,354)	(84,439)	(68,910)	(70,651)	(36,473)
Financing Activities					
Proceeds from debentures	71,622	40,000	-	5,000	25,000
Transfer from operating fund	63,754	46,523	43,700	38,830	30,218
Transfer from reserves and reserve funds	38,721	32,485	23,854	31,189	20,467
NET FINANCING AND TRANSFERS	174,097	119,008	67,554	75,019	75,685
CHANGE IN FUND BALANCE	76,743	34,569	(1,356)	4,368	39,212
FUND BALANCE, BEGINNING OF YEAR	90,550	55,981	57,337	52,969	13,757
FUND BALANCE, END OF YEAR	167,293	90,550	55,981	57,337	52,969

* Revised

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2004

(in thousands of dollars)

	2004	2003	2002	2001	2000
	$	$	$	$	$
RESERVES AND RESERVE FUNDS					
Interest	4,999	6,123	4,986	7,393	7,432
TOTAL REVENUE	4,999	6,123	4,986	7,393	7,432
Transfers					
Transfer from operating fund	56,605	48,640	64,025	68,320	56,971
Transfer to capital fund	(38,721)	(32,485)	(23,854)	(31,189)	(20,467)
Transfer to operating fund	(19,876)	(8,518)	(3,552)	(3,201)	(5,344)
NET TRANSFERS	(1,992)	7,637	36,619	33,930	31,160
CHANGE IN FUND BALANCE	3,007	13,760	41,605	41,323	38,592
FUND BALANCE, BEGINNING OF YEAR	336,914	323,154	281,549	240,226	201,634
FUND BALANCE, END OF YEAR	339,921	336,914	323,154	281,549	240,226

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2004

(in thousands of dollars)

	2004	2003	2002	2001	2000
	$	$	$	$	$
OBLIGATIONS					
Debt Incurred					
Total debenture debt	297,809	215,170	192,140	159,252	158,737
Debt assumed for others**	(116,251)	(97,630)	(107,116)	(67,589)	(66,206)
Net regional debt	181,558	117,540	85,024	91,663	92,531
Recovered from:					
Tax levy/user rates	145,304	80,438	44,639	48,169	46,097
Other/Reserve Funds	36,254	37,102	40,385	43,494	46,434
	181,558	117,540	85,024	91,663	92,531
Net regional debt per capita ($)	317	211*	156*	172*	177
Net regional debt percentage of total expenditures (%)	25.3	18.8	15.3	17.4	19.9
Debt Servicing	16,528	14,283	12,283	11,669	9,652
Debt servicing as percentage of operating expenditures (%)	2.9	2.8	2.7	2.7	2.4
Annual Debt Repayment Limit	94,529	88,373	81,294	69,073	70,117
TAXABLE ASSESSMENT (in millions)					
Residential and Farm (including multiple residentials)	37,589	32,313	28,280	27,155	23,788
Industrial and Commercial	5,016	4,613	4,049	3,930	3,689
Farmland	984	887	696	687	575
Other	194	165	144	144	123
Total	43,783	37,978	33,169	31,916	28,175
Assessment Analysis					
Annual Tax Assessment Growth Rate (%)	2.3	2.6	3.9	2.1	1.8

* Revised, **School boards and local municipalities.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2004

	2004	2003	2002	2001	2000
Miscellaneous Information					
Full Time Employees	3,724	3,589	3,183 *	3,057 *	2,775 *
Building Permit Values ($ 000) **	1,304	1,739	1,176	890	997
Average Monthly Social Assistance Case Load	5,753	5,605	5,898	6,613	7,629
Kilometres of Roads	2,111	2,094	2,087	2,077	2,072
Annual Supply of Treated Waste Water (Megalitres)	75,593	73,838	69,763	67,829	67,716
Annual Supply of Treated Drinking Water (Megalitres)	74,772	75,111	73,558	74,409	69,801
Annual Disposal of Residential Solid Waste (Metric tonnes)	149,424	144,937	145,752	146,557	140,997
Annual Diversion of Residential Solid Waste (Metric tonnes)	94,011 ***	86,537	60,403	58,561	59,240
Tax collection rate **	95.0 ***	95.3	94.4	92.6	92.5
	$	$	$	$	$
Benchmark Information					
Operating costs for police services per household	532	514	477	476	392
Operating costs for paved (hard top) roads per paved lane kilometre	1,458	1,457	1,134	1,049	1,051
Operating costs for winter maintenance of roadways per lane kilometre maintained in winter	3,436	3,419	1,972	2,226	2,221
Operating costs for collection, treatment and disposal of wastewater per megalitre	370	344	305	340	318
Operating costs for treatment and distribution of drinking water per megalitre	411	370	341	343	344
Operating costs for solid waste disposal per tonne	89	90	93	96	95
Operating costs for solid waste diversion (recycling) per tonne	71 ***	78	78	77	43
	2004	2003	2002	2001	2000
Demographics					
Population ****	572,720	558,330 *	545,600 *	533,325 *	522,665
Households	193,100	186,000	181,500	176,000	174,600

* Revised

** Lower-tier municipalities are responsible for collecting taxes and issuing building permits

*** Estimate

**** Based on annual population estimates of Durham Region Planning Department May 31, 2005

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2004

Principle Corporate Taxpayers	Number Employees
General Motors of Canada Ltd.	13,000
Ontario Power Generation	8,700
Lear Corporation	1,230
Minacs Worldwide Inc.	1,180
Automodular Assemblies	1,000
Patheon Canada Inc.	900
TDS Automotive Systems	735
Gerdau-AmeriSteel Corp.	500
Messier-Dowty Inc.	500
Sobeys Inc.	450
DuPont Canada Inc.	450
A.G.S. Automotive	420
Triac Industries Inc.	400
PPG Canada Inc.	390
MeadWestvaco Packaging	350
Sklar-Peppler Furniture Inc.	340
Goodyear Canada Inc.	300

The sources for the 5-year review are as follows: Financial Reports and Financial Information Returns of the Regional Municipality of Durham, Statistics Canada and the Durham Region Planning and Economic Development and Tourism Departments.

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The Regional Municipality of Durham

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